Akesobio

康方生物科技(開曼)有限公司

Akeso, Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9926

GLOBAL OFFERING

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

Morgan Stanley J.P.Morgan

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers (in alphabetical order)

交銀國際 BOCOM International CICC 中金公司

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

中銀國際 BOCI 招銀国际 CMB INTERNATIONAL CMS 招商證券國際

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

Akeso, Inc.
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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**159,495,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**15,950,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**143,545,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$16.18 per Offer Share, plus brokerage of 1%, 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$0.00001 per Share**
Stock code	**:**	**9926**

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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 the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V 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.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$16.18 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

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."

The Joint Representatives (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus 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 Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.akesobio.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination."

April 14, 2020

EXPECTED TIMETABLE[1]

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 on the websites of the Stock Exchange at ***www.hkexnews.hk*** and our Company at ***www.akesobio.com***.

Date[*note 1*]

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from . . . . . 9:00 a.m. on Tuesday, April 14, 2020

Latest time for completing electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Friday, April 17, 2020

Application lists open[3] . . . . . 11:45 a.m. on Friday, April 17, 2020

Latest time for (a) lodging **WHITE** and **YELLOW** Application Forms, (b) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (c) giving **electronic application instructions** to HKSCC . . . . . 12:00 noon on Friday, April 17, 2020

Application lists close[3] . . . . . 12:00 noon on Friday, April 17, 2020

Expected Price Determination Date . . . . . Friday, April 17, 2020

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.akesobio.com** on or before . . . . . Thursday, April 23, 2020

An announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) will be available through a variety of channels (including the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.akesobio.com**) (see the section headed "How to Apply for Hong Kong Offer Shares – Publication of Results" in this prospectus) from . . . . . Thursday, April 23, 2020

Results of allocations in 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 from . . . . . .Thursday, April 23, 2020

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before[4] . . . . . .Thursday, April 23, 2020

WHITE Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessfully applications to be despatched on or before[4] . . . . . .Thursday, April 23, 2020

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on. . . . . .Friday, April 24, 2020

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **White Form eIPO** service 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 the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, April 17, 2020, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(4) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Friday, April 24, 2020, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares," respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

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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 Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering.

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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 the entire document before you decide to invest in the Offer Shares. ***In particular, we are a biopharmaceutical 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.*

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to in-house discovery, development and commercialization of first-in-class and best-in-class therapies. We are dedicated to addressing global unmet medical needs in oncology, immunology and other therapeutic areas. Our vision is to become a global leader in developing, manufacturing and commercializing innovative, next-generation and affordable therapeutic antibodies for patients worldwide.

Our business is designed to drive success through both efficient and breakthrough R&D innovation. We believe that fully integrated in-house R&D capabilities are critical to achieving success in China. Since our inception, we have had the foresight to develop an end-to-end platform, Akeso Comprehensive Exploration platform ("ACE Platform"), encompassing comprehensive drug discovery and development functionalities, including target validation, antibody drug discovery and development, CMC, and GMP-compliant manufacturing.

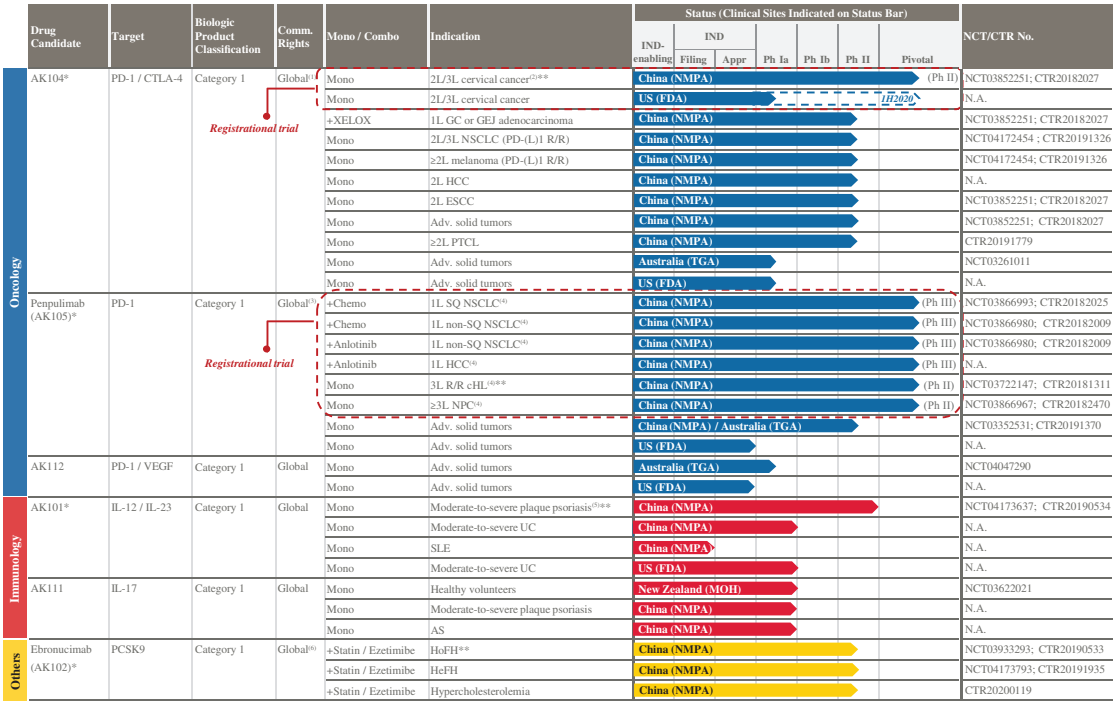
Through our ACE Platform, we have consistently and rapidly innovated and produced high quality drug candidates, with minimal dependence on external vendors, and have achieved remarkable results and industry recognition within nearly eight years since our establishment, including the following:

- We out-licensed our CTLA-4 antibody (AK107) to Merck for a total consideration of up to US$200 million. According to Frost & Sullivan, we are the first China-based biotech company to out-license a fully internally-discovered monoclonal antibody to a global leading pharmaceutical company.

- We have developed one of the richest and most diversified innovative antibody drug pipelines in China covering over 20 drug development programs, including 12 antibodies in clinical-stage development, six bi-specific antibodies (two at clinical stage), and four antibodies with IND approvals from the FDA. Since 2017, we have initiated 22 clinical trials for our innovative drug candidates.

- We have forged important partnerships, including the most recent one with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm (stock code: 1177), for the joint development and commercialization of our PD-1 antibody drug candidate (penpulimab (AK105)) (the "Sino Biopharm Collaboration"). We believe this will help maximize the commercial value of our penpulimab (AK105), as Sino Biopharm has strong commercial capabilities, including one of China's largest pharmaceutical sales forces of about 12,000 sales professionals. In addition, the Sino Biopharm Collaboration provides that our penpulimab (AK105) is the only PD- 1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy.

The following chart summarizes the development status of our core product candidates and other drug candidates being internally developed in ongoing clinical trials as of the Latest Practicable Date. Please refer to "Business – Our Drug Candidates" for more information.



Note:

* Denotes our core product candidates.

** Denotes the most advanced clinical trial of each core product candidate.

(1) Commercial rights of AK104 are owned by Akeso Pharma, a subsidiary of us, in which we hold 95% equity interest.

(2) For AK104, we enrolled the first patient in a Phase II registrational trial for cervical cancer in China in September 2019, and expect to submit an NDA to NMPA for cervical cancer in the second half of 2021. We are planning to enroll patients for cervical cancer in the U.S. and Australia in the first half of 2020.

(3) Commercial rights of penpulimab (AK105) are owned by CTTQ-Akeso, a joint venture consolidated by us, in which we and Chia Tai Tianqing (subsidiary of Sino Biopharm) hold 50% equity interest each. Please refer to "Business-Collaboration Agreements-Joint Venture with Sino Biopharm" for details.

(4) For AK105, we are conducting (i) a Phase II registrational trial for r/r cHL in China with the expected NDA filing in the mid-2020, (ii) a Phase II registrational trial for NPC in China with the expected NDA filing in the first half of 2021, (iii) a Phase III trial in combination with chemotherapy or anlotinib for non-squamous NSCLC with the expected NDA filing in 2022, (iv) a Phase III trial in combination with chemotherapy for squamous NSCLC with the expected NDA filing in the second half of 2021 and (v) a Phase III trial in combination with anlotinib for HCC with the expected NDA filing in the second half of 2022.

(5) For AK101, we are conducting a Phase IIb trial in moderate to severe psoriasis in China and expect to enroll the patients in a subsequent Phase III trial in the first half of 2021. We expect to submit an NDA for moderate to severe psoriasis in China in the second half of 2022.

(6) Commercial rights of ebronucimab (AK102) are owned by AD Pharma, a subsidiary of us, in which we and Dawnrays Pharma (wholly-owned subsidiary of Dawnrays Pharmaceutical (Holdings Limited)) hold 65% and 35% equity interest, respectively. Please refer to "Business-Collaboration Agreements-Joint Venture with Dawnrays Pharma" for details.

As of the Latest Practicable Date, we owned 16 issued patents in China, one issued patent and one approved patent in the U.S., and 86 patent applications in China, the U.S. and other jurisdictions in relation to our drug candidates and the proprietary technologies of our ACE Platform.

Oncology

Oncology is one of our focused therapeutic areas. Our products in advanced clinical development stage include a PD-1/CTLA-4 bi-specific antibody (AK104), a PD-1 antibody (penpulimab (AK105)) and a PD-1/VEGF bi-specific antibody (AK112). We believe that some of these candidates have the potential to become first-in-class or best-in-class therapies, as well as either important components or backbone of combination therapies:

- AK104, our novel, potential first-in-class PD-1/CTLA-4 bi-specific antibody, is designed to achieve preferential binding to tumor infiltrating lymphocytes rather than normal peripheral tissue lymphocytes. It has demonstrated the clinical efficacy of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies, together with a favorable safety profile that the combination therapy of PD-1 and CTLA-4 monoclonal antibodies has failed to offer. Based on our preliminary clinical data, lower incidence of treatment-related adverse events (13.0% ≥ Grade 3 TRAE in all dose levels) was observed in AK104, as compared with the nivolumab and ipilimumab combination therapy according to published data. Although not head-to-head versus our AK104, the combination therapy of nivolumab and ipilimumab revealed the incidence rate of ≥ Grade 3 TRAEs of 33% to 59% in selected trials. Compare to the competitors, we believe that the key strengths of our AK104 to date are:

  (1) higher avidity by design for PD-1 and CTLA-4 in tumor micro-environment versus normal peripheral sites;

  (2) robust efficacy observed in trials with heavily pre-treated cancer patients;

  (3) potentially lower toxicity than PD-1 and CTLA-4 combination therapy; and

  (4) clear and focused clinical trial development plan that allows for rapid approval in a variety of indications and pursuit of large market opportunities.

  For AK104, we have initiated a Phase Ia/Ib trial in Australia, and five Phase Ib/II and Phase II trials in China, including two Phase Ib/II basket trials covering multiple tumor types. Based on the current clinical development plan and our fast-to-market strategy, we expect to file the first NDA of AK104 in China for cervical cancer in the second half of 2021. We have received an IND approval from the FDA for evaluating AK104 in March 2019. In January 2020, we received the written consent from the FDA regarding the overall study design of a planned registrational trial in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for cervical cancer via the accelerated approval pathway. For details, please see "Business – Our Drug Candidates – Our Clinical-Stage Products – AK104 (PD-1/CTLA-4)."

- Penpulimab (AK105), our differentiated, potential best-in-class PD-1 monoclonal antibody, is being developed under our Sino Biopharm Collaboration and is differentiated from all of the currently marketed PD-1 antibodies. Compare to the competitors, we believe that the key strengths of our penpulimab (AK105) to date are:

  (1) differentiated structure design that (i) removes Fc-receptor-mediated effector function to increase anti-tumor activities and (ii) leads to slower off-rate and better receptor occupancy;

  (2) strong efficacy data and favorable safety profile observed in clinical trials;

  (3) being the only PD-1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy (such as the combination with Chia Tai Tianqing's anlotinib) and currently in late-stage clinical development for an array of major indications; and

  (4) commercialization plan under the Sino Biopharm Collaboration which will leverage Sino Biopharm's strong sales team of about 12,000 professionals.

We have initiated seven clinical studies for penpulimab (AK105) in Australia and China, including five on-going registrational trials in China with a focus on combination trials with anlotinib, and expect to submit the first NDA for penpulimab (AK105) for relapsed or refractory classic Hodgkin's lymphoma in China around mid-2020 based on the current clinical development status. We have received two IND approvals from the FDA for evaluating penpulimab (AK105) in March and April 2018, respectively. For details, please see "Business – Our Drug Candidates – Our Clinical-Stage Products – Penpulimab (AK105) (PD-1).";

- AK112, our potential first-in-class PD-1/VEGF bi-specific antibody, has strong scientific rationale and potential to be a better PD-1-based next-generation therapy with clear evidence from the combination of anti-PD-1 and anti-angiogenesis therapy. AK112 is in a Phase I clinical study for the treatment of solid tumors in Australia and the first patient was enrolled in October 2019. We have obtained IND approval from FDA in June 2019 and plan to initiate a Phase I clinical study of AK112 in the U.S.

Immunology and other therapeutic areas

We have strategically developed an expertise in immunology since our inception, which positions us well to capture China's underserved and growing autoimmune disease market. To date, we have become a leading company in China in terms of the number of next-generation monoclonal antibodies under in-house development and have one of the richest innovative biologics pipelines targeting autoimmune diseases among China-based biopharmaceutical companies. In this therapeutic area, we have two drug candidates currently in clinical trials, one drug candidate with IND approved in Australia (AK120, an IL-4R antibody), and one more in IND-enabling stage (AK114, an IL-1 beta antibody). Our product candidates in clinical trials in this area are an IL-12/IL-23 monoclonal antibody (AK101) and an IL-17 monoclonal antibody (AK111):

- AK101 is potentially the first domestically-developed monoclonal antibody against the validated second-generation autoimmune disease target IL-12/IL-23, which is superior in efficacy, safety and ease of use to the first-generation target, tumor necrosis factor (TNF-α). This has been demonstrated by the huge success of Stelara (ustekinumab), which is the only approved IL-12/IL-23 agent and generated a global sales of US$6.4 billion in 2019. We have completed a Phase I and a Phase II clinical trials, and are currently conducting a Phase IIb clinical trial, of AK101 in moderate to severe psoriasis patients in China. For details, please see "Business – Our Drug Candidates – Our Clinical-Stage Products – AK101 (IL-12/IL23)." Compare to the competitors, we believe that the key strengths of our AK101 are:

  (1) efficacy in line with or potentially greater than ustekinumab;

  (2) a potential best-in-class dosing profile versus anti-TNF-α agents; and

  (3) a differentiated safety profile versus anti-TNF-α agents with zero SAEs in our trials to date.

  Based on the current clinical development plan, we expect to initiate a Phase III trial for moderate to severe psoriasis in the first half of 2021 and file the first NDA for AK101 in the second half of 2022. We may potentially expand our evaluation of AK101 into additional indications such as systemic lupus erythematosus (SLE) and ulcerative colitis (UC), in addition to psoriasis. We have also received IND approval from the FDA for evaluating AK101 for the treatment of UC in the U.S. in October 2019; and

- AK111 is also a monoclonal antibody against a second-generation autoimmune disease target IL-17. This target has been validated by the success of Cosentyx (secukinumab) (IL-17), which recorded a global sales of US$3.6 billion in 2019. In addition to psoriasis, we may potentially expand our evaluation of AK111 into additional indications such as ankylosing spondylitis (AS) and axial spondyloarthritis (axSpA). We have completed a Phase I clinical trial of AK111 in New Zealand. We have also obtained an IND approval for psoriasis in China and plan to enroll patients in a Phase Ib trial in the first half of 2020.

In addition to oncology and immunology, we have several compounds targeting diseases in other therapeutic areas. For instance, we have discovered and are developing ebronucimab (AK102) (PCSK9) in collaboration under a joint venture agreement with Dawnrays Pharma, which has strong commercialization capabilities in the cardiovascular therapeutic area. Our ebronucimab (AK102) may potentially be the first domestically-developed PCSK9 inhibitor marketed to the substantial cardiovascular patient population in China. Ebronucimab (AK102) has exhibited more robust results in pharmacodynamic and efficacy aspects compared to marketed PCSK9 antibody drug. As a result, we believe that ebronucimab (AK102)'s potential advantages over competing therapies could make it the market leader in the treatment of hyperlipidemias, homozygous familial hypercholesterolemia (HoFH), heterozygous familial hypercholesterolemia (HeFH) and hypercholesterolemia in China. We have completed a Phase I study of ebronucimab (AK102). We have enrolled patients in two Phase II clinical studies for the treatment of HoFH and HeFH in China and we have initiated the Phase II clinical studies for hyperlipidemia and will enroll patients in the near future. For details, please see "Business – Our Drug Candidates – Our Clinical-Stage Products – Ebronucimab (AK102) (PCSK9)."

Our ACE Platform also possesses robust in-house manufacturing capability that is compliant with international GMP standards regulated by the NMPA, the FDA and the EMA. We built the first biologics manufacturing facility in South China incorporating GE FlexFactory technology with central control system in 2016, which allows us to quickly scale up or switch production between various drug candidates with minimal turnaround time and lower operating cost. Since then, we have established nearly four years of successful manufacturing track record by producing our nine internally-developed clinical-stage antibody drug candidates in-house. Our Zhongshan manufacturing facility occupies approximately 3,200 square meters of floor space and currently features 1,700 L of bioreactor capacity. It is estimated to house a total of 3,700 L capacity, as we are in the process of integrating two additional 1,000 L bioreactors to meet our increasing production needs. In addition, we are building a new manufacturing facility in Guangzhou on a piece of land of 56,573 square meters that is estimated to house up to a total of 40,000 L bioreactor capacity. This includes the first phase of the construction on this land featuring up to eight 2,000 L bioreactors for a total capacity of 16,000 L, which we expect completion of installation and commencement of operation by the end of 2020. However, we have limited experience in large-scale commercial manufacturing. Please refer to "Risk Factors – We have limited operating history, which may make it difficult to evaluate our current business and predict our future performance."

We have utilized the scientific strengths of our clinical assets, and our management relationships, to conduct business development activities that maximize the commercial value of our products. This is demonstrated by our successful out-licensing to Merck, our commercialization partnership through Sino Biopharm Collaboration, and our joint venture with Dawnrays Pharma. Pursuant to our collaboration and license agreement with Merck, Merck owns intellectual property rights to the out-licensed AK107/MK-1308, and we expect to receive a total amount of up to US$200 million in upfront payment and future clinical development and sales milestone payments. Merck maintains the global rights to develop and commercialize AK107 and we maintain the rights to develop bi-specific drugs with AK107. As of December 31, 2019, we have received an upfront payment and milestone payments of US$20.0 million in total from Merck. In light of the many factors that may, individually or collectively, have a significant impact on the timing and/or amount of any such future milestone payments we may receive (both the amount of each individual payment and the aggregate amount of all payments), including (i) the granularity of how the contingency milestone payments are divided and conditioned as described above, (ii) the current stage of clinical development of MK-1308/AK107 and the numerous number of years needed to lapse before clinical development can be fully completed in any jurisdiction or region as described above, (iii) the disproportionately weighted distribution of payment amounts (both individually and in the aggregate) in favor of later stage regulatory approvals and commercialization milestones, and (iv) the considerable amount of time needed to lapse before any such approval and commercialization milestones may be satisfied as set out in the collaboration and license agreement with Merck, as well as the innate risks and uncertainties involved in the drug development and commercialization process in any individual jurisdiction or region and the evolving competitive landscape in the pharmaceutical marketplace, both the timing and amount of any such future milestone payments we may receive (both individually and in the aggregate) are beyond our control, and we do not expect to receive all of the remainder of the milestone payments in the next three years

We are led by our senior management team with significant R&D and commercialization experience and a proven track record. Our senior management shares the vision to become a global leader in the biopharmaceutical industry and is committed to implementing our global development and commercialization strategies. Looking beyond our mission to develop and commercialize first-in-class and best-in-class therapies in China, we continuously explore clinical development and commercialization opportunities outside of China, with the aim to maximize the therapeutic value and potential of our products both in China and globally.

OUR STRENGTHS

- Potential next-generation, first-in-class bi-specific PD-1/CTLA-4 immuno-oncology backbone drug (AK104)
- Registrational stage PD-1 antibody drug candidate (penpulimab (AK105)) targeting large indications, supported by a development and commercialization partnership under Sino Biopharm Collaboration
- Potential first domestically-developed monoclonal antibody drug candidate (AK101) against a validated second-generation autoimmune disease target
- Potential first domestically-developed PCSK9 antibody (ebronucimab (AK102)) targeting hypercholesterolemia
- Strong in-house R&D capability through ACE Platform endorsed by our Merck licensing arrangement
- Proven manufacturing capability in compliance with international GMP standards
- Visionary and experienced management team with proven track record of success

OUR STRATEGIES

- Rapidly advance our clinical programs for pipeline products towards commercialization
- Expand our clinical programs internationally, especially in the U.S. and Australia
- Continue to seek value accretive partnership opportunities to advance our product development
- Continue to recruit, retain and develop high quality talents
- Continue to enrich and advance our innovative product pipeline
- Continue to expand GMP-compliant manufacturing capabilities
- Build up our commercialization capabilities in China

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below has 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 the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

We currently have no products approved for commercial sale and have not generated any revenue from product sales. During the Track Record Period, our revenue primarily consisted of upfront and milestone payments in connection with our out-licensed products. Our revenue increased from RMB2.8 million in 2018 to RMB70.9 million in 2019, primarily due to the receipt of the upfront and milestone payments related to AK107 in 2019. We were not profitable and incurred operating losses during the Track Record Period. For the years ended December 31, 2018 and 2019, we had loss of RMB154.4 million and RMB346.5 million, respectively. Substantially all of our losses resulted from research and development expenses, administrative expenses and changes in fair value of convertible redeemable preferred shares. While the changes in fair value of convertible redeemable preferred shares have adversely impacted our financial position during the Track Record Period, the convertible redeemable preferred shares will be converted into Shares upon Listing, after which we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares.

The following table sets forth the summary of our consolidated statements of profit or loss for the periods indicated:

	Year Ended December 31,	
	2018	2019
	(RMB in thousands)	
Revenue	2,826	70,879
Cost of sales	–	–
Gross profit	2,826	70,879
Other income and gains, net	27,045	50,186
Research and development expenses	(161,095)	(308,388)
Administrative expenses	(20,157)	(55,421)
Other expenses, net	(327)	(592)
Fair value changes on convertible redeemable preferred shares	–	(97,382)
Finance costs	(2,646)	(5,736)
Loss before tax	(154,354)	(346,454)
Income tax expense	–	–
Loss for the periods	**(154,354)**	**(346,454)**

Summary of Consolidated Statements of Financial Position

In November 2019, we issued the Series D Preferred Shares for a total consideration of US$126.0 million, which resulted in an increase in our cash and cash equivalents as of December 31, 2019. At the same time, all the ordinary Shares held by the other Pre-IPO Investors were re-designated and reclassified and as equity or financial liabilities in accordance with the contract terms. As of December 31, 2019, the fair value of convertible redeemable preferred shares recognized in our consolidated statement of financial position was RMB1,099.6 million, which led to a significant increase of our total liabilities as of the same date. Our net assets decreased by RMB272.4 million from RMB488.1 million as of December 31, 2018 to RMB215.7 million as of December 31, 2019 primarily due to the changes in fair value of convertible redeemable preferred shares.

The following table sets forth the summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2018	2019
	(RMB in thousands)	
Total current assets	457,517	1,255,964
Total non-current assets	194,201	416,975
Total assets	**651,718**	**1,672,939**
Total current liabilities	86,236	119,761
Net current assets	**371,281**	**1,136,203**
Total non-current liabilities	77,387	1,337,473
Total liabilities	**163,623**	**1,457,234**
Net assets	**488,095**	**215,705**
Share capital	–	34
Reserves	441,216	(6,387)
Non-controlling interests	46,879	222,058
Total equity	**488,095**	**215,705**

Summary of Consolidated Statements of Cash Flows

As a development-stage biopharmaceutical company, we have incurred negative cash flows from our operations since our inception. During the Track Record Period, our primary uses of cash were to fund the development of our drug pipeline, our clinical trials, our procurement of services, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB123.4 million and RMB219.6 million for the years ended December 31, 2018 and 2019, respectively. During the Track Record Period, we primarily funded our working capital needs through capital injections from Shareholders and revenue from licensing income. Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate cash flow through launching and commercializing our products in the foreseeable future and our liquidity requirements will be mainly satisfied from a combination of cash generated from our operations, bank borrowings and proceeds from Global Offering. As of December 31, 2019, we had cash and cash equivalents of RMB1,186.0 million.

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

	Year Ended December 31,	
	2018	2019
	(RMB in thousands)	
Cash flows from operating activities before movements in working capital	(159,140)	(268,337)
Changes in working capital	35,442	47,379
Bank interest received	393	1,666
Income tax paid	(112)	(303)
Net cash used in operating activities	(123,417)	(219,595)
Net cash used in investing activities	(26,365)	(127,894)
Net cash generated from financing activities	246,428	1,230,192
Net increase in cash and cash equivalents	96,646	882,703
Cash and cash equivalents at beginning of year	214,338	313,701
Effect of foreign exchange rate changes, net	2,717	(10,375)
Cash and cash equivalents at the end of the periods	313,701	1,186,029

Our Directors are of the opinion that, taking into account (i) the financial resources available to us, including cash and cash equivalents of RMB1,186.0 million as of December 31, 2019, available financing facilities and the estimated net proceeds from the Global Offering, (ii) the expected commercialization timetable of our late stage drug candidates, in particular AK104 and penpulimab (AK105), and (iii) our cash burn rate, we will have sufficient working capital to cover at least 125% of our working capital needs, including development, clinical trial and administrative expenses, for at least the next twelve months from the expected date of this prospectus. Without taking into account any cash inflow and the estimated net proceeds from the Global Offering, we estimate that our cash and cash equivalents of RMB1,186.0 million as of December 31, 2019 are sufficient to maintain our financial viability for approximately 56.8 months, assuming our cash burn rate going forward is the same as the cash burn rate in 2019. Cash burn rate refers to the adjusted average monthly net cash used in operating and investing activities. We will proactively manage our operating and investment cash flow and control the cash burn rate in the event that our cash inflow and the estimated net proceeds from the Global Offering are less than what we currently expect.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,	
	2018	2019
Quick ratio[(1)]	5.1	10.4

Note:

(1) Quick ratio is calculated by dividing current assets less inventories as of a given date by current liabilities as of such date.

SUMMARY OF MATERIAL RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors". As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in the Offer Shares. Some of the major risks that we face include:

- We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future. Potential investors may lose substantially all their investments in us given the high risks involved in our business.
- Our financial prospects depend on the success of our clinical-stage and pre-clinical stage product pipeline.
- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.
- We may be unable to obtain regulatory approval for our drug candidates.
- Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community necessary for commercial success.
- We have no track record in launching and marketing drug candidates. If we are unable to further develop our marketing and sales capabilities or enter into agreements with third parties to market and sell our drug candidates, we may not be able to generate product sales revenue.
- Even if we are able to commercialize any approved drug candidates, the drug candidates may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could harm our business and prospects.
- An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.
- We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.
- Our success depends, in part, on our ability to obtain, maintain, protect and defend our intellectual property, which is difficult and costing, and we may not be able to ensure that we will be able to do so successfully.
- We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements. We may have disputes with our collaboration partners from time to time, such as our on-going lawsuits with Sichuan Kelun. For details about these lawsuits, see "Business–Legal Proceedings and Compliance–Legal Proceedings."

- We will need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our primary drug candidates.

RECENT DEVELOPMENTS

In January 2020, we completed capping the roof of our commercialization manufacturing base in Guangzhou, which marked an important milestone in the construction process of this facility.

In January 2020, we received the written consent from the FDA regarding the overall study design of a planned registrational trial of AK104 (PD-1/CTLA4) in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for cervical cancer via the accelerated approval pathway.

In February 2020, we received IND approvals in Australia for our AK117 (CD47) and AK120 (IL-4R), respectively.

On November 9, 2019, we presented results of our Phase Ia study of AK104 (PD-1/CTLA4) in patients with advanced solid tumors at the 34th annual meeting of the Society for Immunotherapy of Cancer, one of the most influential academic conferences in the field of immuno-oncology, in National Harbor, Maryland. The results presented at this meeting demonstrated AK104's encouraging anti-tumor activities across a range of tumor types.

On September 29, 2019, we presented results of our Phase Ib/II study of AK104 in combination with oxaliplatin and capecitabine (mXELOX) as first-line therapy for patients with advanced gastric or gastroesophageal junction (GEJ) adenocarcinoma by a poster presentation at the European Society for Medical Oncology (ESMO) 2019 Congress in Barcelona, Spain. On September 21, 2019, we presented results of the same study by an oral presentation at the 22th annual meeting of the Chinese Society of Clinical Oncology (CSCO) in Xiamen, China.

In September 2019, we completed the patient enrolment of a Phase II registrational trial to evaluate penpulimab (AK105) (PD-1) for the treatment of 3L relapsed or refractory classical Hodgkin's lymphoma (cHL), following the enrolment of the first patient in January 2019 and obtaining the pivotal trial status granted by the CDE. We expect to submit an NDA to the NMPA around mid-2020.

As of the Latest Practicable Date, we have largely completed the patient enrolment of a Phase II registrational trial to evaluate penpulimab (AK105) (PD-1) for the treatment of 3L nasopharyngeal carcinoma (NPC) in China. We expect to submit an NDA to the NMPA in the first half of 2021.

In October 2019, we enrolled the first patient in a global Phase I clinical trial in Australia for AK112 (PD-1/VEGF) for the treatment of solid tumors.

In October 2019, we obtained the IND approval for evaluating AK101 (IL-12/IL-23) for the treatment of ulcerative colitis (UC) from the FDA.

Our net losses increased from RMB154.4 million in 2018 to RMB346.5 million in 2019, primarily as a result of an increase in research and development expenses of RMB147.3 million from 2018 to 2019 and the changes in fair value of convertible redeemable preferred shares issued to investors of RMB97.4 million in 2019. The convertible redeemable preferred shares will automatically convert into Shares upon the Listing, at which time we expect to record them as equity and do not expect to recognize any further loss or gain on our consolidated statements of profit or loss. For risks relating to the fair value changes in our convertible redeemable preferred shares, please refer to "Risk Factors – Risk Factors – Risks Relating to Our Financial Position and Need for Additional Capital – Our results of operations may be adversely affected by fair value changes in our convertible redeemable preferred shares at fair value through profit or loss."

As of the Latest Practicable Date, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates. As we continue to advance the development of our pipeline and expand our clinical development programs, we expect to incur increasing research and development expenses and administrative expenses, which will lead to an increase in our total losses for the year ending December 31, 2020. Our share-based compensation expenses will increase for the two years ending December 31, 2021 as we granted RSUs representing an aggregate of 9,000,000 Shares in March 2020 and we expect to grant the remaining RSUs representing 36,270,499 Shares reserved under the Restricted Share Unit Scheme after the Listing with a vesting period of up to five years. As such, we believe that the increase in our research and development expenses and share based compensation expenses in aggregate will have a significant impact on our consolidated statements of profit or loss.

In March 2020, we entered into a one-year term loan facility with Bank of Communications, which bears an interest rate of 4.35% per annum and grants us a line of credit up to RMB42.5 million. The loan is secured by structured deposit. As of the date of this prospectus, the credit line under this loan facility has been fully drawn down and the outstanding principal balance of this loan facility was RMB42.5 million. In March 2020, we borrowed a convertible loan from Guangzhou Hi-tech Investment amounted to RMB11.0 million. For details of the convertible loan, please see the paragraphs headed "Financial Information – Indebtedness – Interest-Bearing Bank and Other Borrowings" in this prospectus. Our Directors confirm that, other than the foregoing and the outbreak of COVID-19 as stated below, there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2019, being the date of our consolidated financial statements as set out in "Appendix I – Accountants' Report" to this prospectus, and up to the date of this prospectus.

OUTBREAK OF NOVEL CORONAVIRUS DISEASE 2019 (COVID-19)

There has been an outbreak of COVID-19 that was first reported in December 2019 and has rapidly spread across China and around the world. On January 23, 2020, the PRC government imposed a lockdown of Wuhan, followed by other emergency measures in various regions of the country including travel restrictions for COVID-19 control. On March 11, 2020, the World Health Organization characterized COVID-19 outbreak as pandemic, and it expects to see the number of cases, the number of deaths, and the number of affected countries climb even higher in the weeks ahead. Countries across Asia, Europe and North America, including the U.S. and Australia, have continued to report big rises in COVID-19 infections, which has resulted in authorities implementing numerous measures to contain the virus, such as travel bans and restrictions, quarantines and shutdowns.

The outbreak of COVID-19 has not caused any early termination of our clinical trials or necessitated removal of any enrolled patients. During the outbreak of COVID-19, we worked closely with our CROs to monitor the situation and manage our clinical trials. We maintained contact with our patients to ensure that they remain on the trials and that any information they need will be readily available. Except for the potential protraction of those clinical trials targeting cancer indications involving tumors in the respiratory system, we currently expect that our clinical trials in and outside China will not be significantly affected by the outbreak of COVID-19.

We have not had any suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and production facilities, we have adopted a thorough disease prevention scheme to protect our workers from contracting COVID-19. The measures we have implemented include, among others, regularly sterilizing and ventilating our offices and production facilities, checking the body temperature of our employees three times a day, keeping track of the travel history and health conditions of employees and their immediate family members, providing face masks to employees attending the office, segmenting lunch time, minimizing in-person meetings to the extent possible and requesting employees to wear masks at all times during working hours.

Our Directors believe that, based on information available as of the date of this prospectus, the outbreak of COVID-19 would not result in a material disruption to our business operations because (i) none of our headquarters and production facilities are located in Hubei Province or regions under lockdown; (ii) our major suppliers are not located in Hubei Province,

and our supply chain has not experienced any disruption since the outbreak of COVID-19; (iii) most of our employees do not reside in Hubei Province; (iv) our research and development team had already resumed working; and (v) our overseas operations have generally not been affected by the outbreak of COVID-19.

It is uncertain when and whether COVID-19 could be contained. The above analyses are made by our management based on currently available information concerning COVID-19. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please refer to the paragraphs headed "Risk Factors – Risks Relating to Our Operations – An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations" for more information of the relevant risks.

OUR ULTIMATE CONTROLLING SHAREHOLDER AND SHAREHOLDER INFORMATION

Since the inception of our Group, Dr. XIA Yu, our visionary key founder and ultimate controlling shareholder, has been responsible for the strategic and operational management of our Group. Dr. XIA has been highly involved in crucial decision-making of the Company, including drug research and development, investments, talent acquisition and business direction and development. Driven by her aspiration and devotion to providing affordable first-in-class and best-in-class therapies for patients worldwide, Dr. XIA, together with other co-founders, established our principal operating entity Akeso Biopharma in Zhongshan, China, in March 2012. Since then, she has led the expansion of our Group into one of China's leading biopharmaceutical companies with one of the richest and most diversified innovative antibody drug pipelines consisting of over 20 drug development programs. Dr. XIA brought to the Company reputable strategic and sophisticated pre-IPO investors specialized in long-term healthcare investment, and developed strategic partnerships with reputable world-class biopharmaceutical companies which have significantly contributed to our growth.

Dr. XIA is able to exercise approximately 34.5% voting rights in our Company through (i) Golden Oaks LLC and XIA's Trust, (ii) the voting arrangement under acting-in-concert agreement and (iii) Aquae Hyperion Limited immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Accordingly, Dr. XIA, as the ultimate controlling shareholder, is deemed to control over 30% of issued share capital of our Company. Therefore, she is considered as the Controlling Shareholder of our Company under the Listing Rules.

Our significant shareholders include strategic partners, sophisticated investors, such as dedicated healthcare funds and biotech funds, as well as long-term private equity funds with a focus on investments in the biopharmaceutical sector.

We completed Series A Pre-IPO Investments of RMB80 million in February 2016, Series B Pre-IPO Investments of RMB300 million in October 2017, Series C Pre-IPO Investments of RMB200 million in March 2019, and Series D Pre-IPO Investments of US$126 million in November 2019.

DIVIDEND POLICY

We have never declared or paid regular cash dividends on our ordinary Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Companies Law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable

future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

If we pay dividends in the future, in order for us to distribute dividends to our shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For details, please refer to the paragraphs headed "Risk Factors – Risks Relating to Doing Business in China – We may rely on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could materially adversely affect our ability to conduct our business."

THE GLOBAL OFFERING

The Global Offering consists of:

(i) the Hong Kong Public Offering of 15,950,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the section headed "– The Hong Kong Public Offering" below; and

(ii) the International Offering of 143,545,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in accordance with Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in accordance with Rule 144A.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

GLOBAL OFFERING STATISTICS[1]

	Based on an Offer Price of HK$14.88	**Based on an Offer Price of HK$16.18**
Market capitalization of our Shares[2]	HK$11,355.4 million	HK$12,347.5 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent per Share[3]	HK$ 2.92	HK$ 3.18

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 763,133,176 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated after making the adjustments referred to in "Financial Information – Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" and on the 763,133,176 Shares expected to be in issue immediately after completion of the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,337.4 million after deducting underwriting commissions and other estimated expenses paid and payable by us in the Global Offering taking into account any additional discretionary incentive fee, assuming an Offer Price of HK$15.53 per Share, being the mid-point of the Offer Price range of HK$14.88 to HK$16.18 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 75.0%, or HK$1,753.1 million, will be used for the research and development and commercialization of our products as follows:

  (i) approximately 30.0%, or HK$701.2 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK104 (PD-1/CTLA-4), of which (a) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for treatment of cervical cancer, (b) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of HCC, (c) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of gastric cancer, (d) 10%, or HK$233.7 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of NSCLC, urothelial carcinoma and other indications, and (e) 5%, or HK$116.9 million, is expected to be used to fund the preparation of registration filings and other regulatory matters for AK104;

  (ii) approximately 20.0%, or HK$467.5 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of penpulimab (AK105) (PD-1), of which (a) 4%, or HK$93.5 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of HCC, (b) 8%, or HK$187.0 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of non-squamous NSCLC, (c) 2%, or HK$46.7 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of NPC, (d) 4%, or HK$93.5 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of squamous NSCLC and other indications, and (e) 2%, or HK$46.7 million, is expected to be used to fund the preparation of registration filings and other regulatory matters for penpulimab (AK105);

  (iii) approximately 10.0%, or HK$233.7 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK101 (IL-12/IL-23);

  (iv) approximately 5.0%, or HK$116.9 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of ebronucimab (AK102) (PCSK9); and

  (v) approximately 10.0%, or HK$233.7 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK111 (IL-17), AK112 (PD-1/VEGF) and the other drug candidates in our pipeline.

- approximately 15.0%, or HK$350.6 million, will be used for the development of our manufacturing and research and development facilities in Guangzhou and Zhongshan, China.

- approximately 10.0%, or HK$233.7 million, will be used for our general corporate and working capital purposes.

For further details, see "Future Plans and Use of Proceeds."

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB126.8 million. We recorded listing expenses of RMB13.0 million in profit or loss for the year ended December 31, 2019. The rest of the expenses in connection with the Global Offering is expected to be RMB113.8 million, of which an estimated amount of RMB22.6 million is expected to be recognized as administrative expenses and the remaining amount of RMB91.1 million is expected to be recognized directly as a deduction from equity upon the Listing.

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

"ACE Platform"	Akeso Comprehensive Exploration platform
"AD Pharma"	AD Pharmaceuticals Co., Ltd.* (康融東方(廣東)醫藥有限公司), a limited liability company incorporated under the laws of the PRC on February 22, 2017, and one of the Company's subsidiaries
"AD Pharma Guangzhou"	AD Pharmaceutical Guangzhou Co., Ltd.* (康融東方(廣州)生物醫藥有限公司), a limited liability company incorporated under the laws of the PRC on March 20, 2018, and one of the Company's subsidiaries
"adaptive clinical development strategy"	for any of our drug candidates, we may from time to time evaluate the data of its ongoing clinical trials, and data published by other research institutes and competitors of other drug candidates for the same indications, and adjust our priority and funds allocation for different indications in the clinical development plan
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Akeso Biopharma"	Akeso Biopharma Co., Ltd.* (中山康方生物醫藥有限公司), a limited liability company incorporated under the laws of the PRC on March 19, 2012, and one of the Company's subsidiaries
"Akeso Bioscience"	Akeso Bioscience Co., Ltd.* (中山康方生物科技有限公司), a limited liability company incorporated under the laws of the PRC on June 13, 2019, and one of the Company's subsidiaries
"Akeso BVI"	Akeso (BVI), Inc., a limited liability company incorporated under the laws of British Virgin Islands on June 13, 2019, and one of the Company's subsidiaries

"Akeso HK"	Akeso Limited (康方中國有限公司), a limited liability company incorporated under the laws of Hong Kong on December 9, 2011, and a wholly-owned subsidiary of the Company
"Akeso Pharma"	Akeso Pharma Co., Ltd.* (康方藥業有限公司), a limited liability company incorporated under the laws of PRC on August 10, 2017, and one of the Company's subsidiaries
"Akeso R&D Institute"	Akeso Research and Development Institute Co., Ltd.* (中山康方創新藥物研究院有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2016, and one of the Company's subsidiaries
"Akeso-Sino Pharma"	Akeso-Sino Pharma Co., Ltd.* (康方賽諾醫藥有限公司), a limited liability company incorporated under the laws of PRC on April 30, 2019, and one of the Company's subsidiaries
"Akeso Tiancheng"	Akeso Tiancheng Guangdong Co., Ltd.* (康方天成(廣東)製藥有限公司), a limited liability company incorporated under the laws of the PRC on May 16, 2016, and one of the Company's subsidiaries
"Akeso US"	AkesoBio, Inc., a limited liability company incorporated under the laws of the State of California of the United States of America on May 14, 2013, and one of the Company's subsidiaries
"Akesobio Australia"	Akesobio Australia Pty Ltd, a limited liability company incorporated under the laws of Australia on May 18, 2017, and one of the Company's subsidiaries
"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s) relating to the Hong Kong Public Offering or, where the context so requires, any of them
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	the fourth amended and restated articles of association of the Company conditionally adopted on April 7, 2020 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this prospectus

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day that 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 operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, which may be an individual, 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 operations 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
"CDE"	NMPA's Center for Drug Evaluation
"Chia Tai Tianqing" or "CTTQ"	Chia Tai Tianqing Pharmaceutical Group Co., Ltd., the principal subsidiary of Sino Biopharm (stock code: 1177), is a multinational pharmaceutical company based in the PRC. It is one of the shareholders in our subsidiary, CTTQ-Akeso
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Law"	the Companies Law (2020 Revision) Cap. 22 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" or "our Company"	Akeso, Inc. (康方生物科技(開曼)有限公司) (formerly known as Akeso,Inc.), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2019
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, as at the date of this prospectus refers to Dr. XIA
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission
"CTTQ-Akeso"	CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. (正大天晴康方(上海)生物醫藥科技有限公司), a limited liability company incorporated under the law of the PRC on August 30, 2019, one of our Group's subsidiaries
"Dawnrays" or "Dawnrays Pharma"	Dawnrays Biotechnology Capital (Asia) Ltd* (東瑞生物投資發展(亞洲)有限公司), a wholly-owned subsidiary of Dawnrays Pharmaceutical (Holdings) Limited
"Director(s)"	the director(s) of the Company

"Dr. XIA"	Dr. XIA Yu (夏瑜), the chairwoman of the Board, the key founder, chief executive officer, president of our Company and our ultimate controlling shareholder
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"fast-to-market strategy"	our ongoing strategy of seeking accelerated regulatory approvals and market launches for various drug candidates under development for the treatment of serious or life-threatening disease conditions, fulfillment of unmet medical needs, and/or satisfaction of other requirements or designations that enable qualification of an expedited regulatory review process
"FDA"	the Food and Drug Administration of the United States
"Gaotejia"	Shenzhen Gaotejia Ruizhi Investment Partnership (Limited Partnership)* (深圳市高特佳睿智投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on March 11, 2016, and a Pre-IPO Investor of our Company
"GDP"	Gross Domestic Product
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"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", "our Group", "our", "we", "us" or "Akeso Group"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 15,950,000 Offer Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering"
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in section headed "Structure of the Global Offering – The Hong Kong Public Offering"
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated April 9, 2020 relating to the Hong Kong Public Offering and entered into by the Company, the Controlling Shareholder, the Joint Sponsors, the Joint Representatives and the Hong Kong Underwriters

"Hongtu Akeso"	Shenzhen Hongtu Akeso Investment Partnership (Limited Partnership)* (深圳市紅土康方投資合夥企業(有限合伙)), a limited liability partnership established in the PRC on January 15, 2019, and a Pre-IPO Investor of our Company
"Hongtu Junsheng"	Foshan Hongtu Junsheng Investment Entrepreneurship Partnership (Limited Partnership)* (佛山紅土君晟創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 3, 2017, and a Pre-IPO Investor of our Company
"Hongtu Kexin"	Guangzhou Hongtu Kexin Entrepreneurship Investment Limited Company* (廣州紅土科信創業投資有限公司), a limited liability company established in the PRC on July 6, 2011, and a Pre-IPO Investor of our Company
"Hongtu Tianke"	Guangzhou Hongtu Tianke Entrepreneurship Investment Limited Company* (廣州紅土天科創業投資有限公司), a limited company established in the PRC on March 16, 2017, and a Pre-IPO Investor of our Company
"Hongtu Ventures"	Guangdong Hongtu Entrepreneurship Investment Limited Company* (廣東紅土創業投資有限公司), a limited liability company established in the PRC on March 27, 2012, and a Pre-IPO Investor of our Company
"Huiqiao Hongjia"	Ningbo Huiqiao HongJia Private Equity Investment Partnership* (寧波匯橋弘甲股權投資合夥企業(有限合夥)), a limited liability partnership established in PRC on October 26, 2016
"IFRS"	International Financial Reporting Standards
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"International Offer Shares"	the 143,545,000 Offer Shares initially being offered by us for subscription of the Offer Price under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering"

"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into on or around April 17, 2020 by, among others, the Company and the International Underwriters
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Representatives"	Morgan Stanley Asia Limited and J. P. Morgan Securities (Asia Pacific) Limited
"Joint Sponsors"	Morgan Stanley Asia Limited and J. P. Morgan Securities (Far East) Limited
"Kangsheng Investment"	Shenzhen Qianhai Triwise Kangsheng Investment Partnership (Limited Partnership) (深圳勤智康盛投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 15, 2017, and a Pre-IPO Investor of our Company

"Latest Practicable Date" or "LPD"	April 5, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"LI LLC"	Kampfire LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. LI
"LI Trust"	The Sunny Beach Living Trust, a trust created under the laws of California of the U.S. on June 19, 2019, with its trustee being Dr. LI and its beneficiaries being certain of Dr. LI's family members
"Listing"	listing of the Shares on the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Friday, April 24, 2020, on which the Shares will be listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Memorandum of Association" or "Memorandum"	the fourth amended and restated memorandum of association of our Company, conditionally adopted on April 7, 2020 and will come into effect upon Listing (as amended from time to time)
"Merck"	Merck Sharp & Dohme Corp., known as Merck in the U.S. and Canada, and MSD in the rest of the world
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NHC"	the National Health Commission of the PRC
"NHFPC"	the National Health and Family Planning Commission of the PRC
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration, or CNDA, and the China Food and Drug Administration, or CFDA)

"NPCSC"	the Standing Committee of the National People's Congress
"Offer Price"	the final Hong Kong dollar price per Offer Share (before brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which Shares are to be subscribed or purchased pursuant to the Global Offering, which will be not more than HK$16.18 and is expected to be not less than HK$14.88, to be determined as described in the section headed "Structure of the Global Offering – Pricing of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 23,924,000 additional Shares, representing up to 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price to, among others, cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRCNPC"	the National People's Congress of the PRC
"Pre-IPO Investment"	the pre-IPO investments in the Company undertaken by the Pre-IPO Investors pursuant to the relevant investment agreements, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investment" in this prospectus

"Pre-IPO Investors"	the Series A Preferred Shareholders, the Series B Preferred Shareholders, the Series C Preferred Shareholders and the Series D Preferred Shareholders
"Preferred Share(s)"	preferred share(s) in the share capital of the Company, including Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares
"Qianhai Fund"	Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)), a limited liability partnership established in the PRC on December 11, 2015, and a Pre-IPO Investor of our Company
"Qianhai Xinnuo"	Shenzhen Qianhai Xinnuo Investment Management Limited Company* (深圳市前海信諾投資管理有限公司), a limited liability company established in the PRC on December 23, 2013, and a Pre-IPO Investor of our Company
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Relevant Persons"	the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Restricted Share Unit Scheme"	the restricted share unit scheme approved and adopted by our Company on August 29, 2019 as amended from time to time, for the benefit of any director, employee, adviser or consultant of the Company or any of our subsidiaries; a summary of the principal terms is set forth in the paragraph headed "D. Share Incentive Schemes – 1. Restricted Share Unit Scheme" in Appendix IV to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Roizman II"	Shenzhen Qianhai Triwise Roizman II Investment Partnership (Limited Partnership)* (深圳勤智羅茲曼二期投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 13, 2017, and a Pre-IPO Investor of our Company
"RSU(s)"	restricted share unit(s)
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCGC"	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), a limited liability company established in the PRC on August 25, 1990, and a Pre-IPO Investor of our Company
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Series A Preferred Shareholders"	the investors who hold Series A Preferred Shares of the Company
"Series A Preferred Shares"	the series A preferred shares of the Company, par value US$0.00001 per share
"Series B Preferred Shareholders"	the investors who hold Series B Preferred Shares of the Company
"Series B Preferred Shares"	the series B preferred shares of the Company, par value US$0.00001 per share

"Series C Preferred Shareholders"	the investors who hold Series C Preferred Shares of the Company
"Series C Preferred Shares"	the series C preferred shares of the Company, par value US$0.00001 per share
"Series D Preferred Shareholders"	the investors who hold Series D Preferred Shares of the Company
"Series D Preferred Shares"	the series D preferred shares of the Company, par value US$0.00001 per share
"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 share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Qingchi"	Shenzhen Qingchi Investment Partnership (Limited Partnership) (深圳清池投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 19, 2018, and a Pre-IPO Investor of our Company
"Shenzhen Roizman"	Shenzhen Qianhai Triwise Roizman 459 Investment Partnership (Limited Partnership)* (深圳勤智羅茲曼四五九投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on June 2, 2016 and a Pre-IPO Investor of our Company
"Shenzhen Ruifang"	Shenzhen Ruifang Investment Centre (Limited Partnership)* (深圳瑞方投資中心(有限合夥)), a limited liability partnership established in the PRC on May 19, 2017, and a Pre-IPO Investor of our Company
"Sino Biopharm"	Sino Biopharmaceutical Limited is an integrated pharmaceutical enterprise listed on the Stock Exchange (stock code: 1177)

"Sino Biopharm Collaboration"	our collaboration with Chia Tai Tianqing for the joint development and commercialization of our PD-1 antibody drug candidate (penpulimab (AK105))
"sophisticated investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL-92-18 issued by the Stock Exchange
"Stabilization Manager"	Morgan Stanley Asia Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or around the Price Determination Date and the Stabilization Manager and/or its affiliates, pursuant to which the Stabilization Manager may, on its own or through its affiliates, request XIA Trust to make available to the Stabilization Manager up to 23,924,000 Shares to cover, inter alia, over-allocations in the International Offering
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"TETRABODY"	a portmanteau of the phrase "tetravalent antibody", refers to our proprietary technology for the design and production of innovative tetravalent bi-specific antibodies (with four antigen-binding sites in each antibody molecule)
"Track Record Period"	the financial years ended December 31, 2018 and 2019
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Exchange Act"	the United States Securities Exchange Act of 1934, as amended or supplemented from time to time and the rules and regulations promulgated thereunder
"U.S. GAAP"	generally acceptable accounting principles in the U.S.
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"WANG LLC"	Blazing Rosewood LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. WANG
"WANG Trust"	The Mahogany Living Trust, a trust created under the laws of California of the U.S. on June 19, 2019, with its trustee being Dr. WANG and its beneficiaries being certain of Dr. WANG's family members
"**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** at **www.eipo.com.hk**
"**WHITE Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"XIA LLC"	Golden Oaks LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. XIA
"XIA Trust"	The Gemstone Living Trust, a trust created under the laws of California of the U.S. on June 11, 2019, with its trustee being Dr. XIA Yu and its beneficiaries being certain of Dr. XIA's family members
"Yantai Jianxin"	Yantai Jianxin Blue Economy Venture Capital Co., Ltd.* (煙台建信藍色經濟創業投資有限公司), a limited liability company established in the PRC on December 15, 2011, and a Pre-IPO Investor of our Company

"Zhong Kang Tai He"	Zhong Kang Tai He Beijing Bioscience Co. Ltd* (中康泰和(北京)生物科技有限公司), a limited liability company incorporated under the laws of the PRC on September 14, 2018, and one of the Company's subsidiaries
"Zhongshan HealthTech"	Zhongshan Health Technology Industries Equity Investment Partnership (Limited Partnership)* (中山健康科技產業股權投資企業(有限合夥)), a limited liability partnership established in the PRC on December 19, 2011, an Independent Third Party
"Zhongshan Xunxiang"	Zhongshan Xunxiang Kangfang Equity Investment Partnership (Limited Partnership)* (中山市迅翔康方股權投資企業(有限合夥)), a limited liability partnership established in the PRC on July 22, 2015, and a Pre-IPO Investor of our Company
"Zhongshan Xunying"	Zhongshan Xunying Equity Investment Partnership (Limited Partnership)* (中山市迅盈股權投資企業(有限合夥)), a limited liability partnership established in the PRC on December 20, 2017, and a Pre-IPO Investor of our Company

The English names of the PRC laws, regulations, governmental authorities, institutions, and of companies or entities established in the PRC included in this prospectus are translations of their Chinese names or vice versa and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

* *For identification Purpose Only*

"AEs"	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"ALK"	anaplastic lymphoma kinase, a liver enzyme that is released in the blood where liver cells are damaged; the blood test for ALK is used to diagnose liver disorders
"ALT"	alanine aminotransferase, a liver enzyme that is released in the blood where liver cells are damaged; the blood test for ALT is used to diagnose liver disorders
"angiogenesis"	the growth of blood vessels
"antibody-antigen off-rate"	the rate at which the antibody releases an antigen
"antibody-antigen on-rate"	the rate at which the antibody binds to an antigen
"AS"	ankylosing spondylitis, a form of arthritis that primarily affects the spine, although other joints can become involved. It causes inflammation of the spinal joints (vertebrae) that can lead to severe, chronic pain and discomfort. In more advanced cases this inflammation can lead to ankylosis-new bone formation in the spine-causing sections of the spine to fuse in a fixed, immobile position
"antibody-dependent cellular cytotoxicity" or "ADCC"	antibody dependent cell-mediated cytotoxicity or antibody-dependent cellular cytotoxicity, a mechanism of cell-mediated immune defense whereby an effector cell of the immune system actively lyses a target cell, whose membrane-surface antigens have been bound by specific antibodies
"antibody-dependent cellular phagocytosis" or "ADCP"	the mechanism by which antibody-opsonized target cells activate the FcγRs on the surface of macrophages to induce phagocytosis, resulting in internalization and degradation of the target cell through phagosome acidification

"bi-specific"	antibody that combines two antigen-recognizing elements into a single construct, able to bind to two different antigens at the same time
"CDR"	complementarity-determining regions, which are part of the variable chains in immunoglobulins (antibodies) and T cell receptors generated by B-cells and T-cells, respectively, where these molecules bind to their specific antigen
"chemotherapy" or "chemo"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"cHL"	classical Hodgkin's lymphoma, a type of cancer arising from the lymphatic system
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"combination therapy" or "combo"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"CR"	complete response
"CRC"	colorectal cancer, a type of cancer arising from the colon or rectum
"CRO(s)"	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, which down-regulates T cell immune response to cancer cells

"cytokine"	a broad and loose category of small proteins that are important in cell signaling, whose release has an effect on the behavior of cells expressing corresponding receptors/ligands
"DCR"	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses, partial responses and stable disease
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial
"dMMR"	mismatch repair deficient
"EGFR"	epidermal growth factor receptor
"ex vivo"	Latin for "out of the living", studies *ex vivo* are those in which the effects of various biological or chemical substances are tested in or on tissue from an organism in an external environment with minimal alteration of natural conditions
"Fc" or "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
"FcγR"	Fc-gamma receptors, a receptor for the Fc region of immunoglobulin
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"Good Manufacturing Practice" or "GMP"	guidelines and regulations from time to time issued pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) as part of quality assurance
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes

"HeFH"	heterozygous familial hypercholesterolemia
"HoFH"	homozygous familial hypercholesterolemia
"hypercholesterolemia"	an excess of cholesterol in the blood
"hyperlipidemia"	an abnormally high concentration of fats or lipids, including cholesterol and triglycerides, circulating in the blood
"IgG"	immunoglobulin G
"IgG4"	immunoglobulin G4
"immune checkpoint inhibitors"	a type of drugs that block certain proteins made by some types of immune system cells, and some cancer cells, which help keep immune responses in check and allow immune cells to kill cancer cells
"immuno-oncology"	a type of immunotherapy that is specifically targeted to fight cancer
"immunogenicity"	the ability of a particular substance, such as an antigen or epitope, to provoke an immune response in the body of a human and other animal. In other words, immunogenicity is the ability to induce a humoral and/or cell-mediated immune responses
"immunotherapy"	a type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases
"IFN-α"	a type of interferon which is produced in the leukocytes infected with virus
"IFN-γ"	type II interferon, which is a cytokine that is critical for innate and adaptive immunity against viral, some bacterial infections and protozoal infections (infections caused by parasites)
"IL"	Interleukin, a type of cytokine signaling molecule in the immune system to provoke an immune response in the body of a human and other animals

"in vitro"	Latin for "in glass", studies *in vitro* are conducted using components of an organism that have been isolated from their usual biological surroundings, such a microorganisms, cells or biological molecules
"in vivo"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"irAE"	immune-related AEs
"irRECIST"	Immune-related Response Evaluation Criteria in Solid Tumors
"LDL"	low-density lipoprotein, a class and range of lipoprotein particles that carry cholesterol in the blood and around the body, for use by cells
"LDL-C"	low-density lipoprotein cholesterol, a major contributor to the development of atherosclerosis that can form inside blood vessels and contribute to problems like stroke
"LDL-R"	low-density lipoprotein receptor, a mosaic protein of 839 amino acids (after removal of 21-amino acid signal peptide) that mediates the endocytosis of cholesterol-rich LDL
"lymphocytes"	a subtype 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
"monoclonal antibody" or "mAb"	an antibody generated by identical immune cells that are all clones of the same parent cell

"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MSI-H"	microsatellite instability-high, a feature of cancer's genetic coding with a high amount of instability in a tumor
"naive"	not having received therapy
"NPC"	nasopharyngeal cancer
"NDA"	new drug application or biologics license application, as applicable
"non-squamous NSCLC"	non-squamous non-small cell lung cancer
"NSCLC"	non-small-cell lung cancer, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung carcinoma
"ORR"	overall response rate or objective response rate
"OS"	overall survival
"PBMC"	peripheral blood mononuclear cells
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell

"PD-L2"	PD-1 ligand 2, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins 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 of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression free survival is one way to see how well a new treatment works
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetic, 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
"Phase I clinical trials"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trials"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trials"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"pivotal trial" or "registrational trial"	a clinical trial or study intended to provide evidence for a drug marketing approval
"PR"	partial response

"pre-clinical"	studies or programs 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
"Q2W"	every two weeks
"RCC"	renal cell carcinoma, or kidney cancer, the symptoms for which may include blood in the urine (hematuria), low back pain on one side (not caused by injury), a mass (lump) on the side or lower back, fatigue (tiredness), loss of appetite, weight loss not caused by dieting, and/or a fever that is not caused by an infection and that does not go away
"RECIST"	Response Evaluation Criteria in Solid Tumors, a set of published rules that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment. The criteria were published in February 2000 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. Now the majority of clinical trials evaluating cancer treatments for objective response in solid tumors use RECIST. These criteria were developed and published in February 2000, and subsequently updated in 2009
"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement. With respect to cancer, the likely relapse occurs because a few of the original cancer cells survived the initial treatment. Sometimes, this is because cancer cells spread to other parts of the body and were too small to be detected during the follow-up immediately after treatment
"RO"	receptor occupancy, is the ratio of receptors occupied by a ligand at equilibrium and the total number of receptors available, usually expressed as a percentage of the total number of receptors
"RP2D"	recommended Phase II dose

"R/M"	recurrent/metastatic
"r/r"	relapsed/refractory
"SAE"	serious adverse events
"SC"	subcutaneous
"SD"	stable disease. In oncology, it refers to cancer that is neither decreasing nor increasing in extent or severity
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately.
"SLE"	systemic lupus erythematosus, a systemic autoimmune disease in which the body's immune system attacks normal, healthy tissue and can result in symptoms such as inflammation and swelling
"solid tumor"	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
"squamous NSCLC"	a type of non-small cell lung cancer, which begins in squamous cells
"T cell(s)" or "T lymphocyte(s)"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"target lesions"	a specifically measured lesion, which refers to tumors in the terminology of RECIST
"TEAE"	a treatment emergent AE, which is adverse events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment

"third-line" or "3L"	with respect to any disease, the therapy or therapies that are tried when the first-line and second-line treatments do not work adequately
"TILs"	tumor-infiltrating lymphocytes, a type of immune cell that infiltrate tumors tissue and are generally reactive to autologous tumor antigens
"TNBC"	triple-negative breast cancer, broadly refers to any breast cancer that does not express the genes for estrogen receptor, progesterone receptor and HER2/neu
"TNF-α"	tumor necrosis factor-α, 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. It is expressed generally as a dose response
"TRAE"	a treatment related AE, which is adverse events present after medical treatment
"tyrosine kinase inhibitor" or "TKI"	a pharmaceutical drug that inhibits tyrosine kinases
"VEGF"	vascular endothelial growth factor, a family of cytokines critical for the growth and development of cancer cells. There are three main subtypes of VEGFs and VEGF receptors (VEGFR), including VEGFR-1, VEGFR-2 and VEGFR-3
"UC"	ulcerative colitis, a chronic, inflammatory bowel disease that causes inflammation in the digestive tract

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. 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 the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes on the fair valuation of our biological assets;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the 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 contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our Shares involves significant risks. 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. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our financial position and need for additional capital, (ii) risks relating to the clinical development of our drug candidates, (iii) risks relating to extensive government regulation, (iv) risks relating to commercialization of our drug candidates, (v) risks relating to our intellectual property rights, (vi) risks relating to our reliance on third parties, (vii) risks relating to our operations, (viii) risks relating to doing business in China, and (ix) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

Risks Relating to Our Financial Position and Need for Additional Capital

We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future. Potential investors may lose substantially all their investments in us given the high risks involved in our business.

Investment in pharmaceutical drug development is highly risky. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. Although we receive a limited amount of income from upfront and milestone payments pursuant to our collaboration agreements, we continue to incur significant expenses related to our ongoing operations. We have incurred losses in each period since our inception. For the years ended December 31, 2018 and 2019, we incurred loss of RMB154.4 million and RMB346.5 million, respectively. Substantially all

of our operating losses have resulted from costs incurred in connection with our research and development programs and from administrative expenses associated with our operations. Potential investors may lose substantially all their investments in us given the high risks involved in our business.

We expect to continue to incur losses in the foreseeable future, and we expect these losses to increase as we continue and expand our development of, and seek regulatory approvals for, our drug candidates, and continue to build up our commercialization and salesforce in anticipation of the potential approval of our drug candidates for commercialization. Typically, it takes many years to develop a new drug from the time it is discovered to when it is available for treating patients. In addition, we will incur costs associated with operating as a public company and in support of our growth from a development-stage to a commercial-stage biopharmaceutical company. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of commercializing any approved drug candidates, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with or through arrangements with third parties. If any of our drug candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance and commercialization, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable may impact investors' perception of the potential value of our Group and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. Any decline in the value of our Group could also cause you to lose all or part of your investment.

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

We had net cash used in operating activities of RMB123.4 million and RMB219.6 million for the years ended December 31, 2018 and 2019, respectively. While we believe we have sufficient working capital to fund our current operations, we expect that we may continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all.

We believe our current cash and cash equivalents and the estimated net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources to meet our continued operating cash requirements in the future, especially to fund our research and development activities. Our cash operating costs mainly consist of (i) research and development costs, which includes clinical trial costs, raw material costs, testing expenses, salaries and benefits and others, and (ii) workforce employment cost. Workforce employment cost represents total non-research and

development personnel costs mainly including salaries and benefits. For the year ended December 31, 2019, we incurred total cash operating costs of RMB364.7 million, including clinical trial costs of RMB182.6 million, raw material costs of RMB66.0 million, testing expenses of RMB30.9 million, salaries and benefits of RMB39.7 million, others of RMB16.9 million and workforce employment cost of RMB28.8 million. We expect our cash operating costs for 2020 will increase in light of our expanding clinical trial programs. If the financial resources available to us after the Listing are insufficient to satisfy our cash requirements, we may seek additional funding through equity offerings, debt financings, collaborations and licensing arrangements. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. If we are not able to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

We are a development-stage biopharmaceutical company founded in 2012. Our operations to date have focused on business planning, raising capital, establishing our intellectual property portfolio, drug discovery and conducting pre-clinical studies and clinical trials of our drug candidates. As of the Latest Practicable Date, we had no developed products approved for commercial sale and did not generate any revenue from developed product sales. While we have built a track record of four years of experience in manufacturing of our drug candidates for the use of our clinical trials, we also have limited experience in large-scale commercial manufacturing and sales and marketing of drugs. Our limited operating history, particularly in light of the rapidly evolving biopharmaceutical industry, 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, this could materially adversely affect our business, financial condition, results of operations and prospects.

We will need to obtain additional financing to fund our operations, and if we fail to obtain such financing, we may be unable to complete the development and commercialization of our primary drug candidates.

Our drug candidates will require completion of their clinical development, regulatory review, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Our operations have consumed substantial amounts of cash since inception. Our operating activities used RMB123.4 million and RMB219.6 million of net cash during the years ended December 31, 2018 and 2019, respectively. Although this cash outflow may be offset to a limited extent by cash inflows from upfront and milestone payments pursuant to our collaboration agreements, we expect to continue to spend substantial amounts on drug discovery, advancing the clinical development of our drug candidates, and launching and commercializing any approved drug candidates for which we receive regulatory approval. Our existing cash and cash equivalents and other financial assets, combined with any potential upfront and milestone payments we expect to receive, may not be sufficient to enable us to

complete the development of our current and future drug candidates or commercially launch all of our current drug candidates for the currently anticipated indications and to invest in additional programs. Accordingly, we will require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Our forecast of the period of time through which our financial resources will be adequate to support our operations is forward-looking and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our drug candidates;
- the number and characteristics of drug candidates that we may out-license or in-license;
- the amount and timing of the milestone and royalty payments we receive from or pay to our collaboration partners;
- the cost required to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- selling and marketing costs associated with any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;
- cash requirements of any future acquisitions and/or the development of other pipeline drug candidates;
- the amount and timing of any profit sharing, milestone and royalty payments we receive from our current or future collaborators;
- the cost and timing of development and completion of commercial-scale internal or outsourced manufacturing activities; and
- our headcount growth and associated costs.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay or terminate our research and development programs or future commercialization efforts. Our inability to obtain additional funding when we need it could materially adversely affect our business, financial condition, results of operations and prospects.

Our results of operations may be adversely affected by fair value changes in our convertible redeemable preferred shares at fair value through profit or loss.

During the Track Record Period, we issued convertible redeemable preferred shares, which was designated as financial liabilities at fair value through profit or loss. For the years ended December 31, 2018 and 2019, we recorded convertible redeemable preferred shares at fair value through profit or loss of nil and RMB1,099.6 million, respectively. We expect to recognize additional loss from the fair value changes of the convertible redeemable preferred shares after December 31, 2019 to the Listing Date. After the automatic conversion of the convertible redeemable preferred shares into Shares upon the Listing, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future. If we continue to incur such fair value losses, our results of operations may be adversely affected.

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

During the Track Record Period, we had certain financial assets at fair value through profit or loss, primarily consisting of wealth management products issued by banks that can be redeemed at any time. We are exposed to credit risk in relation to the financial assets, which may adversely affect our net changes in their fair value. The financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value are recorded as other gains or losses, and therefore directly affect our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our financial assets at fair value through profit or loss in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

Risks Relating to the Clinical Development of Our Drug Candidates

We may be unable to obtain or experience delay in obtaining 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 regulatory approvals from the NMPA and the FDA, respectively. The time required to obtain approvals from the National Medical Products Administration of the PRC

(NMPA) or the Food and Drug Administration of the United States (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 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, 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 NMPA or the FDA 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, the 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 depend 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 contract research organizations, or CROs, or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining 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, and successfully defending against any claims by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party;
- successful launch of our drug candidates, if and when approved;
- obtaining reimbursement from third-party payers 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.

As of the Latest Practicable Date, all of our drug candidates are in various phases of clinical development and we don't have any drug candidates that are at NDA filing stage with the relevant Competent Authority. 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.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends on, among other things, 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 and our ability to obtain and maintain patient consents.

Our clinical trials may compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us. 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 prevent completion of these trials and materially adversely affect our ability to advance the development of our drug candidates, which in turn could materially adversely affect our business, financial condition, results of operations and prospects.

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

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. 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 clinical trials. In some instances, there can be significant variability in safety and/or efficacy results 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 populations, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. Our future clinical trial results may not be favorable, regardless of earlier results. If so, we would have expended a significant amount of capital to progress the relevant drug candidates to that stage, and would not realize any revenue on such drug candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Such an uncompensated expenditure could materially adversely affect our business, financial condition, results of operations and prospects.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities, 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. 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.

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;
- 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, it could result in a number of potentially significant negative consequences, 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 required to recall our products and 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.

We may seek approval from the NMPA, the FDA or other comparable regulatory authorities to use data from registrational trials via accelerated development pathways for our drug candidates, including AK104 in cervical cancer and AK105 in r/r cHL. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all. In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all, and we will likely be required to conduct post-approval clinical outcomes trials which, if failed, may cause us to discontinue marketing of our approved drug candidates for the relevant indications.

The NMPA, the FDA and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies, upon a determination that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. For example, the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. Prior to seeking such accelerated approval, we will continue to seek feedback from the FDA and otherwise evaluate our ability to seek and receive such accelerated approval.

In January 2020, we received the written consent from the FDA regarding the overall study design of a planned registrational trial of AK104 in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for AK104 in cervical cancer via the accelerated approval pathway in the second half of 2021. In addition, we have submitted our early clinical data for AK104 from the AK104-101 and AK104-201 studies and requested meeting discussion with the FDA regarding the pathway for accelerated approval of AK104 monotherapy for the treatment of patients with advanced endometrial cancer, including MSI-H endometrial cancer patients, who have progressed after standard chemotherapy. The

FDA agreed that we can conduct a single-arm registrational trial in advanced endometrial cancer, and the data collected from sites in the United States and China with ORR as primary endpoint can be used to support the application for accelerated approval for this indication. We also plan to conduct Phase II trials of AK104 for MSI-H solid tumors and nasopharyngeal carcinoma (NPC) to explore the potential for accelerated approval in these indications.

There can be no assurance that in the future the regulatory authorities will agree with our surrogate endpoints or intermediate clinical endpoints, or that we will decide to pursue or submit any additional NDAs for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that, after feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, for any submission of an application for accelerated approval or application under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing or that any expedited development, review or approval will be granted on a timely basis, or at all.

A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates, or withdrawal of a drug candidate, would result in a longer time period until commercialization of such drug candidate, could increase the cost of development of such drug candidate, and could harm our competitive position in the marketplace.

In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all. Furthermore, if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the product candidate and, if the post-approval trial is not successful, we may not be able to continue marketing the drug for the relevant indication.

We may not be able to identify, discover, develop new drug candidates or to identify additional therapeutic opportunities for our drug candidates.

We cannot guarantee that we will be successful in identifying potential drug candidates. For example, although we have developed our ACE Platform, which we believe enables us to continuously enrich our pipeline, we cannot guarantee that we will be successful in identifying potential drug candidates. Some drug candidates are technically challenging to develop and manufacture. 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 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.

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, which could adversely affect our future growth and prospects. We may invest our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

Our drug candidates and future approved products may cause undesirable side effects.

Cancer and autoimmune disease therapies are still considered as emerging and novel therapeutics for treating cancer and autoimmune diseases. 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 patients with cancer or autoimmune diseases. Any new drugs may be associated with efficacy and safety issues, and it is difficult to compare such issues between different types of drugs generally. In some cases, managing adverse events and assessing risk-benefit balance for patients prescribed with bi-specific antibodies and/or combination therapies may be more complex than mono-specific antibodies or monotherapies, in particular, where one of the bi-specific antibodies' or combination therapies' underlying molecular targets gives rise to intolerable adverse events.

Our drug candidates and future approved products could have a high and unacceptable severity and prevalence of undesirable side effects. The NMPA, the FDA or other comparable authorities could order us to suspend or terminate our studies or to cease further development of or deny approval of our drug candidates or sales of approved products. 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 reputation, business, financial condition and prospects significantly.

Risks Relating to Extensive Government Regulation

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated.

All jurisdictions in which we intend to develop and commercialize our drug candidates regulate these activities in great depth and detail. These jurisdictions all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, marketing, sales and distribution of products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the drug development process or approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Failure to comply with these regulations could therefore materially adversely affect our business, financial condition, results of operations and prospects.

The FDA approval process for manufacturing facilities in China can be time-consuming and costly. If we are unable to pass the FDA inspections for the manufacturing facilities for our drug candidates, our future business may be substantially harmed.

To obtain the FDA approval for our products in the United States, we will need to undergo strict pre-approval inspections of our manufacturing facilities, which are located in China. When inspecting our Chinese manufacturing facilities in the future, the FDA might cite cGMP deficiencies, both minor and significant. Remediating deficiencies can be laborious and costly and consume significant amounts of time. Moreover, if the FDA notes deficiencies as a result of these inspections, it will generally re-inspect the facility to determine if the deficiency has been remediated to its satisfaction. The FDA may note further deficiencies as a result of any such re-inspection, either related to the previously-identified deficiency or otherwise. If we cannot satisfy the FDA as to our compliance with cGMP in a timely basis, the FDA marketing approval for our products and the commercialization of our drug candidates in the United States could be seriously delayed, which in turn could materially adversely affect our business, financial condition, results of operations and prospects.

Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, the FDA, the EMA or other comparable regulatory authorities, or could result in limitations or withdrawal following approvals. If results of our trials reveal a high and unacceptable severity or prevalence of certain adverse events, our trials could be suspended or terminated and the NMPA, the FDA, the EMA or other comparable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications.

Numerous drug-related adverse events and serious adverse events have been reported in our clinical trials. Drug-related adverse events or serious adverse events could affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential product liability claims. Any of these occurrences could materially adversely affect our reputation, business, financial condition, results of operations and prospects.

Additionally, adverse events caused by our drug candidates, including off-label use of our drug candidates, when used in combination with other drugs, could potentially cause significant negative consequences for our Company, including:

- regulatory authorities could delay or halt pending clinical trials;
- we may suspend, delay or alter development or marketing of the drug candidate;
- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug candidate;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to subjects or patients;

- 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; and

- the costs of clinical trials of our drug candidates may be substantially higher than anticipated.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, and could materially adversely affect our business, financial condition, results of operations and prospects.

Any of our future approved drug candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.

Any of our future approved drug candidates will be subject to ongoing or additional regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States and requirements of comparable regulatory authorities in China and other countries.

In order to market drugs in China, the United States and the European Union, manufacturers and their facilities are required to comply with extensive requirements promulgated by the NMPA, the FDA and the EMA, respectively, as well as comparable regulatory authorities elsewhere. These requirements are intended to ensure that quality control and manufacturing procedures conform to cGMP standards. As such, we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, other marketing application or previous responses to any inspection observations. Accordingly, we and others we work with must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any approvals that we receive for our drug candidates may be subject to limitations on the approved indicated uses for which the drug candidate may be marketed or to the conditions of approval, which could materially adversely affect the drug candidate's commercial potential or contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the drug candidate. The NMPA, the FDA, the EMA or a comparable regulatory authority may also require a risk evaluation mitigation strategy program as a condition of approval of our drug candidates or following approval. In addition, if the NMPA, the FDA, the EMA or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements for any clinical trials that we conduct post-approval.

The NMPA and other regulatory authorities 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, the EMA and other 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. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

If safety, efficacy, or other issues arise with any medical product that is used in combination with our drug candidates, we may be unable to market such drug candidate or may experience significant regulatory delays or supply shortages, and our business could be materially harmed.

We plan to develop certain of our drug candidates for use as a combination therapy. If the NMPA, the FDA, the EMA or another comparable regulatory agency revokes its approval of another therapeutic we use in combination with our drug candidates, we will not be able to market our drug candidates in combination with such revoked therapeutic. If safety or efficacy issues arise with these or other therapeutics that we seek to combine with our drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any component of our combination drug candidates, we may not be able to complete clinical development of our drug candidates on our current timeline or at all. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Even if we are able to commercialize any approved drug candidates, the drug candidates may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could harm our business and prospects.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. In China and some markets outside China, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a drug candidate in a particular country, but then be subject to price regulations that negatively impact our revenues.

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

A primary trend in the global healthcare industry is cost containment. Government authorities and other third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. We intend to seek approval to market our drug candidates in China, the United States, and the European Union and in other

jurisdictions. In both China and the European Union, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of any of our future approved drug candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payers for drugs and may be affected by existing and future health care reform measures.

In China, the Ministry of Human Resources and Social Security of China or provincial or local human resources and social security authorities, together with other government authorities, regularly review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, or the National Reimbursement Drug List (the "**NRDL**"), or provincial or local medical insurance catalogues for the National Medical Insurance Program, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no assurance that any of our future approved drug candidates will be included in the NRDL. Products included in the NRDL are typically generic and essential drugs. Innovative drugs similar to our drug candidates have historically been more limited in their inclusion in the NRDL.

In the United States, no uniform policy of coverage and reimbursement for drugs exists among third-party payers. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payer is a time-consuming and costly process that could require us to provide to each payer supporting scientific, clinical and cost-effectiveness data for the use of our future approved drug candidates on a payer-by-payer basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug candidate, 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 payers may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our future approved drug candidates. Patients are unlikely to use any of our future approved drug candidate unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drug candidate. Because some of our drug candidates have a higher cost of goods than conventional therapies, and 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.

Increasingly, third-party payers are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved drug candidate that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved 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 drug candidates administered under the supervision of a physician. If reimbursement is not available or is available only to a limited extent, we may not be able to successfully commercialize any drug candidates that we successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA, the FDA, the EMA 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. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers 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 coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates could materially adversely affect our business, financial condition, results of operations and prospects.

Illegal and/or parallel import and counterfeit of our pharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.

The illegal importation of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we commercialize our products. Unapproved foreign imports of prescription drugs are illegal under the 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 (known as "parallel imports") into higher-priced markets could harm sales of our future drug candidates 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 medications from outside China or other countries where we operate could materially adversely affect our business, financial condition, results of operations and prospects.

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or be fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as "counterfeit pharmaceutical products." The counterfeit pharmaceutical product control and enforcement system 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 product but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future approved drug candidates.

In addition, counterfeit pharmaceutical products are not expected to meet our or our collaboration partners' rigorous manufacturing and testing standards. 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 collaboration partners' brand names. In addition, thefts of inventory at warehouses, plants or while in-transit, which subsequently may not be properly stored and which is sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

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

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China. These laws may impact, among other things, our proposed sales and marketing programs. In addition, we may be subject to patient privacy regulation. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC government.

Neither the PRC government nor the PRC courts have provided definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations. In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirement, we could be subject to penalties.

If we fail to comply with applicable anti-bribery laws, such as the United States Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"), or if any of the physicians or other providers or entities we do business with are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including imposing several rounds of tariffs affecting certain products manufactured in China. In March 2018, U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminum entering the United States and in June 2018 announced further tariffs targeting goods imported from China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our drug products, the competitive position of our drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Risks Relating to Commercialization of Our Drug Candidates

Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community necessary for commercial success.

Our drug candidates, once approved, may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. In addition, physicians, patients and third-party payers may prefer other products to ours. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant product sales revenues and we may not become profitable. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals, cancer treatment centers and patients considering 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 regulatory authorities;
- limitations or warnings contained in the labeling approved by regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payers and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities; and
- the effectiveness of our sales and marketing efforts.

If any approved drug candidates that we commercialize fail to achieve market acceptance among physicians, patients, hospitals, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain such market acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates, are more cost-effective or render our drug candidates obsolete. Our failure to achieve or maintain market acceptance for our future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

We have no track record in launching and marketing drug candidates. If we are unable to further develop our marketing and sales capabilities or enter into agreements with third parties to market and sell our drug candidates, we may not be able to generate product sales revenue.

We have not yet demonstrated an ability to launch and commercialize any of our drug candidates. As a result, our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer and cost more than it would if we were a company with experience launching and marketing drug candidates.

We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any

or all of our drug candidates, we will likely pursue collaborative arrangements regarding the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will provide us with effective salesforces for such drug candidates. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaboration partners to successfully commercialize any product, and as a result, we may not be able to generate product sales revenue, which would materially adversely affect our business, financial condition, results of operations and prospects.

We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.

The development and commercialization of new drugs is highly competitive and subject to rapid and significant technological change. Major 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 drug candidates face competition in China and the United States from a significant number of advanced drug products (either marketed or under development) involving molecular targets (such as immune checkpoint inhibitors), disease indications (such as cancer and autoimmune diseases) and mechanism of actions (such as bi-specific antibodies, combination therapies, etc.) that are similar or identical to those of our drug candidates.

Some of our competitors have more established commercialization 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, the FDA, the EMA or other comparable regulatory authorities, 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 among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties 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.

Any failure on our part to successfully compete in the pharmaceutical market with respect to our products could materially adversely affect our business, financial condition, results of operations and prospects.

Risks Relating to Our Intellectual Property Rights

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

Our success depends in large part on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing 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, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. In particular, we have sought patents in China, Europe and the United States for our drug candidates although we do not currently own or license any issued patents in Europe or the United States for any of our product candidates other than an issued U.S. patent for AK107 (CTLA-4). For further information on our patent portfolio, see "Business – Intellectual Property." Any failure by us or our collaboration partners to obtain or maintain patent protection with respect to our drug candidates and technologies could materially adversely affect our business, financial condition, results of operations and prospects. 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.

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 patents and patent applications at a reasonable cost or in a timely manner in all desirable territories. As a result, we may not be able to prevent competitors from developing and commercializing competitive drugs in all such fields and territories. Furthermore, the patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaboration partners, outside scientific collaborators, contract manufacturers, 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. 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. There is also no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which could be used by a third party to challenge the validity of our patents or prevent a patent from issuing from a pending patent application. Furthermore, China and, recently, the United States have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, 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 China National Intellectual Property Administration (the "**CNIPA**") for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The scope of patent protection is uncertain and our current or any future patents may be challenged and invalidated even after issuance, which would materially adversely affect our ability to successfully commercialize any product or technology.

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. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. For instance, certain of the claims in our pending patent applications relating to some of our core product candidates in their current forms may be viewed as unpatentable in the United States, Europe and other jurisdictions. We cannot predict whether these or any other 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 issued 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 license or 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. Any patents that we hold or in-license may be challenged, narrowed, circumvented or invalidated by third parties.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China, the United States and other countries. We may be subject to a third-party preissuance submission of prior art to the United States Patent and Trademark Office (the "**USPTO**") or become involved in opposition, derivation, revocation, re-examination, post-grant review, *inter partes* review or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize drug candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and drug candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Even if we are able to obtain patent protection for our drug candidates, the life of such protections, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

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 medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful

in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would materially adversely affect any potential sales of that product.

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. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates as described in "Business – Intellectual Property" of this prospectus. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors, which would materially adversely affect our business, financial condition, results of operations and prospects.

Our owned patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings. If we or our collaboration partners are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to cease the development, manufacture and commercialization of one or more of the drug candidates we may develop, which could materially adversely impact our business.

We or our collaboration partners may be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned or in-licensed patents or other intellectual property as an inventor or co-inventor. If we or our licensors are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights or our patent claims may be narrowed, invalidated or held unenforceable. In addition, if we or our collaboration partners are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights, such as exclusive ownership of, or the exclusive right to use, our owned or in-licensed patents. If we or our collaboration partners are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture and commercialization of one or more of our drug candidates. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

We may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties.

Filing, prosecuting, maintaining and defending patents on drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than do those in some other countries. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing drugs made using our inventions in and into certain 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 certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. 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 certain jurisdictions, including China. The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions 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. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions 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 around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

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

Any of the foregoing occurrences, if they come to pass, could materially adversely affect our business, financial condition, results of operations and prospects.

The absence of patent linkage, patent term extension and data and market exclusivity for NMPA-approved pharmaceutical products could increase the risk of early generic competition for our products in China.

In the United States, the Federal Food Drug and Cosmetic Act, as amended by the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as "Hatch-Waxman," provides the opportunity for patent-term restoration, i.e., a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Finally, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the FDA grants marketing approval for the innovative product.

Depending upon the timing, duration and specifics of any FDA marketing approval process for any drug candidates we may develop, one or more of our U.S. patents, if issued, may be eligible for limited patent term extension under Hatch-Waxman. Hatch-Waxman permits a patent extension term of up to five years as compensation for patent term lost during clinical trials and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of product approval. During the period of patent term extension, the claims of a patent are not enforceable for their full scope, but are instead limited to the scope of the approved product. In addition, the applicable authorities, including the FDA in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. Furthermore, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements.

Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. In China, however, there is no currently effective law or regulation providing patent term extension, patent linkage, or data exclusivity (referred to as regulatory data protection). Therefore, a lower-cost generic drug can emerge onto the market much more quickly. Chinese regulators have set forth a framework for integrating patent linkage and data exclusivity into the Chinese regulatory regime, as well as for establishing a pilot program for patent term extension. To be implemented, this framework will require adoption of regulations. To date, no regulations have been issued. These factors result in weaker protection for us against generic competition in China than could be available to us in the United States. For

instance, the patents we have in China are not yet eligible to be extended for patent term lost during clinical trials and the regulatory review process. If we are unable to obtain patent term extension or the term of any such extension is less than we request, 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.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our drug candidates could be found invalid or unenforceable if challenged in court or before the relevant patent authority.

Competitors may infringe our patent rights or infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. 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, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us to enforce our patents against such third party.

In patent litigation in the United States, for example, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion

could be an allegation that someone connected with prosecution of the patent withheld relevant information from the relevant patent office, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include *ex parte* re-examination, *inter partes* review, post-grant review, derivation and equivalent proceedings in non-U.S. jurisdictions, such as opposition proceedings. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer cover and protect our drug candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our collaboration partners, our or their patent counsel and the patent examiner were unaware during prosecution. 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 our drug candidates, leave our technology or product candidates without patent protection, allow third parties to commercialize our technology or product candidates and compete directly with us, without payment to us, or could require us to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our product candidates without infringing third party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize our product candidates. Such a loss of patent protection could materially adversely affect our business, financial condition, results of operations and prospects.

We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our trade secret or other confidential information could be compromised by disclosure during this type of litigation. Any failure by us to prevent the misappropriation or disclosure of our proprietary information could materially adversely affect our business, financial condition, results of operations and prospects.

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

Our commercial success depends in part on our and our collaboration partners' avoiding infringement, misappropriation and other violations of the patents, copyrights and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our drug candidates. In particular, we are aware of certain European and Chinese patents held by third parties that could be construed to cover the use of PCSK9 antibody for indications outside of limited diseases relating to hypercholesterolemia. There may also be third-party patents or patent applications of which we are currently unaware, and given the

dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. Moreover, it is possible that we are or may become aware of patents or pending patent applications that we think do not relate to our product candidates or that we believe are invalid or unenforceable, but that may nevertheless be interpreted to encompass our product candidates and to be valid and enforceable. Because some patent applications in certain jurisdictions, including the United States, may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing and publications in the scientific literature often lag behind actual discoveries. As such, we cannot be certain that others have not filed patent applications covering our product candidates or technologies. As to pending third-party patent applications, we cannot predict with any certainty which claims will issue, if any, or the scope of such issued claims. There is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries generally. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others.

In addition to patents, we also license copyrighted software from third parties in the ordinary course of business, for which we may be subject to copyright infringement claims from time to time. For details of our measures to prevent infringement on third parties' intellectual property, please see "Business – Intellectual Property." We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel or both from their normal responsibilities. Even in the absence of litigation, we may be required to seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability or priority. A court of competent jurisdiction could hold that third-party intellectual property claims asserted against us are valid, enforceable and infringed, which could materially adversely affect our ability to develop and commercialize any of our drug candidates and any other drug candidates covered by the asserted third party patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. Similar procedures will need to be followed in courts in other jurisdictions.

If third parties bring successful claims against us for infringement, misappropriation or other violations of their patent or other intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion

of employee resources from our business. In the event of a successful claim against us of infringement, misappropriation or other violation of intellectual property, or a settlement by us of any such claims, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, pay royalties or redesign our infringing drug candidates, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could materially harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the market price of our shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent and other intellectual property litigation or other proceedings could materially adversely affect our business, financial condition, results of operations and prospects.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, USPTO and other patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and various non-U.S. 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 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 materially adversely affect our business, financial condition, results of operations and prospects.

Changes in U.S. and Chinese patent laws could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involves technological and legal complexity, and obtaining and enforcing biotechnology patents is costly, time-consuming and inherently uncertain.

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. 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 in the United States and the enforcement or defense of our issued patents, 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. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any. 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 our existing patents and patents that we might obtain in the future. There could be similar changes in the laws of foreign 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. The adoption of this draft amendment may enable the patent owner to submit applications for a patent term extension. The length of any such extension is uncertain. If we are required to delay commercialization for an extended period of

time, technological advances may develop and new products may be launched, which may render our product non-competitive. We also cannot guarantee that other changes to the PRC intellectual property laws would not have a negative impact on our intellectual property protection.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on trade secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect this trade secret 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 collaboration partners, outside scientific collaborators, sponsored researchers, consultants, advisers and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. For details of our measures to protect our intellectual property, please see "Business – Intellectual Property." However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches, or our confidential information, including know-how and trade secrets, may otherwise be misappropriated or unlawfully obtained. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be materially harmed.

Furthermore, many of our employees, consultants and advisers, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants and advisers executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer, or that third parties have an interest in our patents as an inventor or co-inventor. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, and furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel. Any of the foregoing could materially adversely affect our 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 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 on commercially reasonable terms or at all. Even if we are able to obtain such a license, it may be nonexclusive and the applicable licensor could license such intellectual property to other third parties to compete with us. If a third party does not offer us a necessary license or offers a license only on terms that are unattractive or unacceptable to us, we might be unable to develop and commercialize one or more of our product candidates, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, even if we obtain licenses to such intellectual property, but subsequently fail to meet our obligations under our license agreements, or such license agreements are terminated for any other reasons, we may lose our rights to in-licensed technologies.

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. 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 such cooperation may not be provided to us. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

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 materially adversely affect our business, financial condition, results of operations and prospects.

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

We currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our 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 or other third parties 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 business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

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

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

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

- we, or our licensors or current or future collaboration partners, might not have been the first to file patent applications covering certain of our or their inventions;

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

- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;

- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- 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 major commercial markets;

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

- the patents of others may harm our business; and

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

Should any of these events occur, they could materially adversely affect our business, financial condition, results of operations and prospects.

Risks Relating to Our Reliance on Third Parties

We sometimes work with third parties to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be materially harmed.

We have worked with and plan to continue to work with third-party CROs to monitor and manage data for our ongoing pre-clinical and clinical programs. We work with these parties to execute our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are

required to comply with GCPs, which are regulations and guidelines enforced by the NMPA, the FDA, the EMA and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA, the EMA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

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

Switching or adding additional 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.

In light of the foregoing, any failure of our CROs to carry out their contractual duties or meet expected deadlines could materially adversely affect our business, financial condition, results of operations and prospects.

We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements or disputes may arise between us and our collaboration partners.

We have in the past formed, and may in the future seek and form, strategic alliances, joint ventures or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders or disrupt our management and business.

Our strategic collaboration with partners involves numerous risks. We may not achieve the revenue and cost synergies expected from the transaction. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to the third party. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biotechnology companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

Disputes may arise between us and our collaboration partners. Such disputes may cause delay or termination of the research, development or commercialization of our drug candidates, or may result in costly litigation or arbitration that diverts management attention and resources. For instance, in February 2019, we brought a breach of contract claim against Sichuan Kelun Drug Research Institute Co., Ltd. ("**Sichuan Kelun**") and Sichuan Kelun Pharmaceutical Co., Ltd. based on Sichuan Kelun's failure to perform its contractual obligations to pay us our share of the proceeds received pursuant to certain out-licensing arrangements according to our collaboration agreement with Sichuan Kelun (the "**Kelun Collaboration Agreement**"). In July 2019, Sichuan Kelun filed a claim and alleged that we did not perform our contractual obligations under the Kelun Collaboration Agreement. For details, see "Business – Legal Proceedings and Compliance – Legal Proceedings."

In addition, collaborations involving our drug candidates are subject to the following risks:

- collaboration partners have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaboration partners may not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to the acquisition of competitive drugs, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities;

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

- collaboration partners could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drug candidates;

- a collaboration partner with marketing and distribution rights to one or more of our drug candidates may not commit sufficient resources to their marketing and distribution;

- we could grant exclusive rights to our collaboration partners that would prevent us from collaborating with others;

- collaboration partners 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;

- collaboration partners may not aggressively or adequately pursue litigation against generic filers or may settle such litigation on unfavorable terms, as they may have different economic interests than ours, and such decisions could negatively impact any royalties we may receive under our license agreements;

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

- collaboration partners may own or co-own intellectual property covering our drug candidates that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property;

- we may co-own with collaboration partners, and therefore not have complete control over, some of our intellectual property and, in the ordinary course of business, we may license our rights under such co-owned intellectual property to third parties, which may lead to disputes with the relevant co-owner of such intellectual property; and

- a collaboration partner's sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our drug candidates if we are unable to successfully integrate such collaborations with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such a transaction. If we are unable to reach agreements with suitable collaboration partners 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. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We may rely on third parties to manufacture a portion of our clinical and commercial drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

Although we intend to further develop and rely on our own manufacturing facilities, we may use third parties as part of our manufacturing process and for the clinical and commercial supply of our drug candidates, which is not expected to be a major undertaking in addition to owning and operating our in-house manufacturing facilities. Reliance on third-party manufacturers would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, the FDA, the EMA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and cGMP-compliance inspections by the NMPA, the FDA, the EMA or other comparable regulatory authorities;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs;

- manufacturers are subject to ongoing periodic unannounced inspection by the FDA to ensure strict compliance with cGMP and other government regulations and by other comparable regulatory authorities for corresponding non-U.S. requirements. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- 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;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our contract manufacturers and critical reagent 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, result in higher costs or materially adversely impact commercialization of our future approved drug candidates. In addition, we may rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

Risks Relating to Our Operations

Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

We operate manufacturing facilities in China. Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and 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 and compliance with strictly-enforced regulations. If our manufacturing facilities encounter unanticipated delays and expenses as a result of any of these difficulties, or if construction, regulatory evaluation and/or approval 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 or maintaining our facilities could also require us to raise additional funds from other sources.

Our manufacturing facilities will be subject to ongoing, periodic inspection by the NMPA, the FDA, the EMA or other comparable regulatory agencies to ensure compliance with cGMP regulations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to follow and document our adherence to such cGMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or their commercialization, if approved. We also may encounter problems with the following:

- achieving adequate or clinical-grade materials that meet the NMPA, the FDA, the EMA or other comparable regulatory agency standards or specifications with consistent and acceptable production yield and costs;

- shortages of qualified personnel, raw materials or key contractors; and

- ongoing compliance with cGMP regulations and other requirements of the NMPA, the FDA, the EMA or other comparable regulatory agencies.

Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our drug candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

Developing advanced manufacturing techniques and process controls is required to fully utilize our facilities. Advances in manufacturing techniques may render our facilities and equipment inadequate or obsolete.

To produce our drug candidates in the quantities that we believe will be required to meet anticipated market demand of our drug candidates, if approved, we will need to increase, or "scale up," the production process by a significant factor over the initial level of production. If we are unable to do so, are delayed, the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to produce our approved drug candidates in a sufficient quantity to meet future demand.

Our manufacturing facilities may be affected by natural disasters or other unanticipated catastrophic events, including power interruptions, water shortages or fire. If our manufacturing facilities or the equipment in them is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any of our future approved drug candidates manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales if and when we are able to successfully commercialize one or more of our drug candidates. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our drug candidates in a timely manner could materially adversely affect our business, financial condition, results of operations and prospects.

Currently, we maintain insurance coverage against damage to our property and equipment in amounts we believe are reasonable. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our drug candidates and drugs if there were a catastrophic event or failure of our manufacturing facilities or processes. Any of the foregoing would materially adversely affect our business, financial condition, results of operations and prospects.

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

As part of our ongoing business, local governments in China grant certain financial incentives from time to time to our PRC subsidiaries to encourage the development of our local businesses. The timing, amount, criteria and condition of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Government authorities may decide to reduce or eliminate incentives or may amend or terminate the relevant financial incentive policies at any time. In addition, some of the government financial incentives, including favorable policy in relation to land use, are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would materially adversely affect our business, financial condition, results of operations and prospects.

Our future success depends on our ability to retain key executives and to attract, retain and motivate senior management and qualified personnel.

We are highly dependent on our management and scientific teams. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time. Dr. XIA, our key founder, Executive Director, Chairwoman, president and chief executive officer, has been crucial to our business operation as well as the development of our vision, culture and strategic direction. We do not maintain "key person" insurance for Dr. Xia or any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To induce valuable employees to remain at our Company, in addition to salary and cash incentives, we have adopted employee equity incentive plans which provided share-based compensation that vests over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in the market price of our Shares that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, any of our employees could leave our employment with notice.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. In addition, we rely on consultants and advisers, including scientific and clinical advisers, to assist us in formulating our discovery, clinical development and commercialization strategy. The loss of the services of our executive officers, other key employees or consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel.

We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisers may be employed by others entities and may have commitments under consulting or advisory contracts with employers that may limit their availability to us. Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. If we are unable to continue to attract and retain high-quality personnel, our ability to pursue our growth strategy will be limited.

Any inability to hire and retain personnel with the talent and technical skill that we need to conduct our business could materially adversely affect our business, financial condition, results of operations and prospects.

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

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

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

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

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

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

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially adversely affect our business, financial condition, results of operations and prospects.

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

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;

- the assumption of additional indebtedness or contingent or unforeseen liabilities;

- the issuance of our equity securities;

- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;

- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;

- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;

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

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

Any of the foregoing risks, if they come to pass, could materially adversely affect our business, financial condition, results of operations and prospects. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "M&A Rules"), and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce of China (the "**MOFCOM**"), be declared in advance of any change-of-control transaction in which a foreign investor takes control of the PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be declared in advance to the MOFCOM when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors, or the Security Review Rules, issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire *de facto* control over domestic enterprises that raise "national security" concerns

are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to such security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially adversely affected.

The discontinuation of any of government grants or preferential tax treatment currently available to us could adversely affect our results of operations, cash flow and prospects.

During the Track Record Period, we benefited from government incentives in the form of grants. For the years ended December 31, 2018 and 2019, we recorded under other income and gains, net RMB12.8 million and RMB37.0 million of government grants released, respectively. For more details on government grants released to and recognized in our profit or loss, please refer to the paragraph headed "Financial Information – Description of Certain Key Statement of Profit or Loss – Other Income and Gains, Net" in this prospectus and Note 5 to the Accountants' Report set out in Appendix I.

During the Track Record Period, we enjoyed preferential tax treatment. For example, Akeso Biopharma has obtained the "High and New Technology Enterprise" accreditation and, accordingly, was entitled to a preferential income tax rate of 15% during the Track Record Period. In addition, Akeso Biopharma enjoyed super deduction of 175% of qualifying research and development expenditures during the Track Record Period, pursuant to the notices of the relevant local tax authorities. During the Track Record Period, our Group incurred tax losses in China, the amounts of which will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. During the same period, our Group incurred tax losses in the U.S. and Australia, the amounts of which will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. For more details on the preferential tax treatment, please refer to the paragraph headed "Financial Information – Taxation" in this prospectus and Note 10 to the Accountants' Report set out in Appendix I.

Our eligibility to receive these financial incentives requires that we continue to qualify for them. The incentives are provided to us at the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate or reduce these financial incentives, generally with prospective effect. Since our receipt of the financial

incentives is subject to periodic time lags and changing government practice, as long as we continue to receive these financial incentives, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these financial incentives in addition to any business or operational factors that we may otherwise experience. The discontinuation of financial incentives currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

Product liability claims or lawsuits could cause us to incur substantial liabilities.

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

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

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may produce

hazardous waste products. We may contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

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

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Our internal computer systems, or those used by our CROs, partners or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our CROs, partners and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur, disputes may arise and it could result in a material disruption of our development programs and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have a material adverse impact on us and our business, including loss of data and

damage to equipment, among other things. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including but not limited to information of employees and patients, clinical trial data and other confidential information of our Company and other users of our vendors. In particular, system malfunction of our vendors may accidentally induce unintended access to confidential data of us or other third party users of the vendors and lead to potential claims or disputes relating to misappropriation of trade secret and other proprietary business information. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. The risk of a security breach or disruption, particularly through cyberattacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, nor may we be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. We cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems or those of our third-party vendors and other contractors and consultants, or other cyber incidents that could have a material adverse effect upon our reputation, business, results of operations, financial condition or prospects. If we experienced any such material system failure or security breach and interruptions in our operations, it could result in a material disruption of our development programs and our business operations, a breach of sensitive personal information or a loss or corruption of critical data assets including trade secrets or other proprietary information. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing and other cyber-attacks. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or

inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we engage in more electronic transactions with payers and patients and collect and store an increasing volume of data, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

We may not have adequate insurance coverage to compensate for any losses associated with a system failure, any breach of our computer systems or other cybersecurity attack or any violation of any privacy laws or other obligations. Any breach or failure of our computer systems could materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to stringent privacy laws, information security policies and contractual obligations governing the use, processing, and cross-border transfer of personal information and our data privacy and security practices.

We receive, generate and store significant and increasing volumes of sensitive information, such as employee, personal and patient data. We have adopted various measures to ensure our employees would adhere to our internal control measures to maintain confidentiality of our information. For details, please refer to the paragraphs headed "Business – Intellectual Property." We are subject to a variety of local, national and international laws, directives and regulations that apply to the collection, use, storage, retention, protection, disclosure, transfer and other processing of personal data, in the different jurisdictions in which we operate, including comprehensive regulatory systems in China, the United States and Europe. Legal requirements relating to data processing continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement, sanctions and increased costs of compliance.

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, China's Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators," which may include all organizations in China that provide services over the internet or another information network. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law. Drafts of some of these measures have now been published, including the draft rules on cross-border transfers published by the Cyberspace Administration of China in 2017, which may, upon enactment, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China. The Interim Measures for the Administration of Human Genetic Resources and implementation guidelines issued by the Ministry of Science and Technology and Ministry of Health, for example, require approval from the Human Genetic

Resources Administration of China before entering into a definitive contract where human genetic resources, or HGR, are involved in any international collaborative project and additional approval for any export or cross-border transfer of the HGR samples or associated data. 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 HGR at clinical institutions without export of HGR materials. However, the two parties shall file the type, quantity and usage of the HGR to be used with the administrative department of science and technology under the State Council before clinical trials. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux.

In the United States, we are subject to laws and regulations that address privacy, personal information protection and data security at both the federal and state levels. Numerous laws and regulations, including security breach notification laws, health information privacy laws, and consumer protection laws, govern the collection, use, disclosure and protection of health-related and other personal information. Given the variability and evolving state of these laws, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by regulators or courts in their interpretation.

Regulatory authorities in Europe have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, the General Data Protection Regulation (EU) 2016/679, or GDPR, which became effective in May 2018, imposes a broad range of strict requirements on companies subject to the GDPR, such as us, including, but not limited to, requirements relating to having legal bases for processing personal information relating to identifiable individuals and transferring such information outside the European Economic Area (including to the United States), providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data processing agreements with third parties who process personal information, responding to individuals' requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, and recordkeeping. The GDPR substantially increases the penalties to which we could be subject in the event of any non-compliance, including fines of up to 10,000,000 Euros or up to 2% of our total worldwide annual turnover for certain comparatively minor offenses, or up to 20,000,000 Euros or up to 4% of our total worldwide annual turnover for more serious offenses. Given the new law, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by data protection authorities or courts in interpretation of the new law. National laws of member states of the European Union are in the process of being adapted to the requirements under the GDPR. Because the GDPR specifically

gives member states flexibility with respect to certain matters, national laws may partially deviate from the GDPR and impose different obligations from country to country, leading to additional complexity and uncertainty.

Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other malicious or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, breach or other loss of information could result in legal claims or proceedings, and liability under laws that protect the privacy of personal information, as well as regulatory penalties. Although we have implemented security measures to prevent unauthorized access to patient data, such data is currently accessible through multiple channels, and there is no guarantee we can protect our data from breach. Unauthorized access, loss or dissemination could also damage our reputation or disrupt our operations, including our ability to conduct our analyses, deliver test results, process claims and appeals, provide customer assistance, conduct research and development activities, collect, process and prepare company financial information, provide information about our tests and other patient and physician education and outreach efforts through our website, and manage the administrative aspects of our business.

We are subject to the risks of doing business globally.

Because we intend to do business outside of China, our business is subject to risks associated with doing business globally. Accordingly, our business, financial condition, results of operations and prospects could be materially adversely affected due to a variety of factors, including: changes in a specific country's or region's political and cultural climate or economic condition; unexpected changes in or failure to comply with laws and regulatory requirements in local jurisdictions; differences between national and local practice with respect to laws and regulatory requirements in a specific jurisdiction; difficulty of effective enforcement of contractual provisions in certain jurisdictions; 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; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the United States Department of Commerce and fines, penalties or suspension or revocation of export privileges; 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.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment.

We incur portions of our expenses, and derive revenues, in currencies other than the U.S. dollar or Hong Kong dollar, in particular, the RMB and Australian dollar. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. We currently do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar. A decline in the value of the U.S. dollar against currencies in countries in which we conduct clinical trials could have a negative impact on our research and development costs. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations and cash flows.

Substantially all of our costs are denominated in RMB and most of our financial assets are also denominated in RMB. We rely entirely on dividends and other fees paid to us by our PRC subsidiaries. Our proceeds from the Global Offering will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar against RMB may materially and adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars. An appreciation of RMB against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into RMB. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against RMB would have a negative effect on the Hong Kong dollar amount available to us.

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

Our operations, and those of our third-party research institution collaborators, suppliers and other contractors and consultants, could be subject to business interruptions. In addition, we partially rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by government shutdowns or funding withdrawals. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and could increase our costs and expenses. We partially rely on third-party manufacturers to produce and process supplies of our products and product candidates. Our ability to obtain supplies of our products and product candidates could be disrupted if the operations of these suppliers are affected by business interruptions. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities could cause us to cease or delay development or commercialization of some or all of our product candidates. Although we maintain property damage insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19 or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations. For example, the recent outbreak of COVID-19 has sickened and killed many people in and outside of China, caused temporary suspension of productions and shortage of labor and raw materials in affected regions, and disrupted local and international travel and economy. The exacerbation, continuance or reoccurrence of COVID-19 has already caused and may continue to cause an adverse and prolonged impact on the economy and social conditions in China and other affected countries. The commencement of new clinical trials could be substantially delayed or prevented by any delay or failure in patient recruitment or enrollment in our or our collaborators' trials as a result of the outbreak of COVID-19. These factors could cause delay of clinical trials, regulatory submissions, and required approvals of our drug candidates, and could cause us to incur additional costs. If we are not able to effectively develop and commercialize our drug candidates as a result of protracted clinical trials of enrolled patients, elevated public health safety measures, and/or failure to recruit and conduct patient follow-up, we may not be able to generate revenue from sales of our drug candidates as planned. For details on the impact of COVID-19 on us, please refer to the paragraphs headed "Summary – Outbreak of Novel Coronavirus Disease 2019 (COVID-19)" and "Future Plans and Use of Proceeds."

These events could also significantly impact our industry and cause a temporary suspension or closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of contracting an epidemic disease, since this could require us or our business partners to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the PRC and global economy in general. Our operations could also be severely disrupted if our patients were affected by natural disasters, health epidemics or other outbreaks.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were incompliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

We are subject to risks associated with leasing space.

We lease our branch offices in China. The lessors of the leased properties may not have valid title or have the legal rights to such leased properties or may not have complied with all the necessary procedures. In addition as our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could require us to close such offices. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

Pursuant to PRC law, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. However, as of December 31, 2019, because the lessors failed or are reluctant to provide necessary documents for us to register the leases, most of the lessors of the premises under which we operated our branch offices had not obtained such registrations. The failure to register lease agreements as required under PRC law may subject to a fine for non-registration which may range from RMB1,000 to RMB10,000 for each non-registration agreement, which may negatively affect our ability to operate our business covered under those leases.

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.

We conduct almost all of our operations in China. 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. 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 benefits we believe are available to us from developing and manufacturing drugs in China, which would materially adversely affect our business, financial condition, results of operations and prospects.

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

Due to our operations in China, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including the amount of government involvement, level of development, growth rate and control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth over the past 30 years, growth has been uneven across different regions and among various economic sectors. The PRC government has implemented

various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China and the business environment in China could deteriorate from the perspective of domestic or international investment. Any of the foregoing, if it comes to pass, would materially adversely affect our business, financial condition, results of operations and prospects.

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

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

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three 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 the 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 or court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the 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 adversely affect our business, financial condition, results of operations and prospects.

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

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

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

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

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

Any failure to comply with the PRC regulations regarding our employee equity incentive plans or mandatory social insurance may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Our directors, executive officers and other employees who are PRC residents may participate in our employee equity incentive plans. We are an overseas listed company, and therefore, we and our directors, executive officers and other employees who are PRC citizens or who have resided in China for a continuous period of not less than one year and who have been granted restricted share units, restricted shares or options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas Publicly Listed Company, according to which, employees, directors, supervisors and other management members participating in any share incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE, through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law.

If we or our directors, executive officers or other employees who are PRC citizens or who have resided in China for a continuous period of not less than one year and who have been granted equity awards fail to register the employee equity incentive plans or their exercise of options, we and such employees may be subject to (i) legal or administrative sanctions imposed by the SAFE or other PRC authorities, including fines; (ii) restrictions on our cross-border investment activities; (iii) limits on the ability of our wholly-owned subsidiaries in China to distribute dividends or the proceeds from any reduction in capital, share transfer or liquidation to us; and (iv) prohibitions on our ability to inject additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions.

In addition, according to the Social Insurance Law implemented on July 1, 2011 and other applicable PRC regulations, any employer operating in China must open social insurance registration accounts and contribute social insurance premium for its employees. Any failure to open social insurance registration account may trigger an order of correction where correction is not made within a specified period of time, the competent authority may further impose fines. Any failure to make timely and adequate contribution of social insurance premium for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such overdue social insurance premium within a specified period of time, and the competent authority may further impose fines or penalties. During the Track Record Period, we didn't make timely and adequate contribution of social insurance premium involving an immaterial amount which will not bring any material adverse effect affecting our operations. As of the Latest Practicable Date, we have not received any order of correction or any fines or penalties from the competent authority as a result of any such failure. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making contribution of overdue social insurance premium or to pay any overdue fine or penalty related thereto.

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

We are a holding company incorporated as an exempted company in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds

cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

Our PRC subsidiaries are expected to generate substantially all of their revenue from sales of our future approved drug candidates in RMB, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their RMB revenues to pay dividends to us.

In response to the persistent capital outflow in China and RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the PBOC and SAFE promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting processes may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers or otherwise fund and conduct our business.

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

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

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, or the Hong Kong Tax Treaty, Akeso HK may be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries if it is a Hong Kong tax resident. Pursuant to the Hong Kong Tax Treaty, subject to certain conditions, this reduced withholding tax rate will be available for dividends from PRC entities provided that the recipient can demonstrate it is a Hong Kong tax resident and it is the beneficial owner of the dividends. However, there is no assurance that the reduced withholding tax rate will be available.

We may be treated as a resident enterprise for PRC tax purposes under the Enterprise Income Tax Law and we may therefore be subject to PRC income tax on our worldwide taxable income. Dividends payable to foreign investors may become subject to PRC withholding tax and gains on the sale of our Shares by our foreign investors may become subject to PRC tax.

Under the Enterprise Income Tax Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for the PRC enterprise income tax ("**EIT**") purposes. The implementing rules of the Enterprise Income Tax Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. State Administration of Taxation of the PRC has subsequently provided further guidance on the implementation of Circular 82.

If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow and we may be subject to EIT at a rate of 25% on our worldwide taxable income, as well as to PRC EIT reporting obligations, which could materially adversely affect our business, financial condition, results of operations and prospects. If we are deemed a PRC resident enterprise, dividends paid on our Shares, and any gain realized from the transfer of our Shares, may be treated as income derived from sources within China. As a result, dividends paid to non-PRC resident enterprise shareholders may be subject to PRC withholding tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders) and gains realized by non-PRC resident enterprise shareholders from the transfer of our Shares may be subject to PRC tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders). Any PRC tax liability on gains or dividends described above may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident shareholders would be able to obtain the benefits of income tax treaties entered into between PRC and their countries.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company.

Pursuant to the Bulletin on Issues of Enterprise Income Tax and Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Bulletin 7, an "indirect transfer" of "PRC taxable assets," including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from such indirect transfer may be subject to PRC EIT. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be reported on with the EIT filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC EIT at a rate of 25%. Where the underlying transfer relates to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC EIT at the rate of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors through a public stock exchange are not subject to the PRC EIT pursuant to Bulletin 7 where such shares were acquired in a transaction through a public stock exchange. As such, the sale of the Shares on a public stock exchange will not be subject to PRC EIT pursuant to Bulletin 7. However, the sale of our Shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC EIT under Bulletin 7.

There are uncertainties as to the application of Bulletin 7. Bulletin 7 may be determined by the tax authorities to be applicable to sale of the shares of our offshore subsidiaries or investments where PRC taxable assets are involved. The transferors and transferees may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Bulletin 7 or to establish that we and our non-resident enterprises should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which could materially adversely affect our business, financial condition, results of operations and prospects.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under the Announcement of the State Administration of Taxation – Announcement on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-Resident Enterprises, or Bulletin 37, or under Bulletin 7, our income tax costs associated with such potential acquisitions or disposals will increase, which could materially adversely affect our business, financial condition, results of operations and prospects.

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

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A portion of our revenue is denominated in RMB. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries. Our inability to obtain such foreign currency could materially adversely affect our business, financial condition, results of operations and prospects.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a "state secret" may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term "state secret" is not clearly defined,

we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which could materially adversely affect our business, financial condition, results of operations and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to rectification and other administrative penalties imposed by those government authorities.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

We are a company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all our senior management reside within China for a significant portion of the time and some of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or those persons inside China. It may also be difficult for you to enforce foreign courts judgments obtained in foreign courts against us and our directors and senior management. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of foreign courts against us and our directors and senior management.

China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

Risks Relating to the Global Offering

No public market currently exists for our Shares, and an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Representatives (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

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

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the offer price.

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

Future sales or perceived sales of our Shares in the public market by major Shareholders following the Global Offering could materially adversely affect the price of our Shares.

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

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

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

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

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

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

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

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to conduct clinical trials in China and the United States on our most promising drug candidates and to expand our sales and marketing staff in preparation for the approval and commercialization of those drug candidates. For details, see "Future Plans and Use of Proceeds – Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

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

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of

minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law."

As a result of all of the above, minority Shareholders may enjoy different remedies when compared to the laws of the jurisdiction such shareholders are located in.

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

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, 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 responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. 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.

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

In preparation for the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Upon Listing, the Board will comprise four executive Directors, two non-executive Directors and three independent non-executive Directors. The Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and its business operations are based, managed and conducted in the PRC. Currently, the four executive Directors and most senior management of the Company ordinarily reside in the US and PRC. None of our executive Directors of the Company is or will be ordinarily resident in Hong Kong after the Listing of the Company. As such, the Company does not, and for the foreseeable future will not, have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. The Directors consider that the appointment of additional executive Director who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Company and therefore would not be in the best interests of the Company and its Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorised representatives, namely, Dr. XIA, an executive Director and Ms. CHAN Pung Fei, the company secretary, to be the principal communication channel at all times between the Stock Exchange and the Company. Each of the Company's authorised representatives will be readily contactable by the Stock Exchange by telephone and/or email to promptly deal with enquiries from the Stock Exchange. Both of the Company's authorised representatives are authorised to communicate on the Company's behalf with the Stock Exchange;

(b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers, office phone numbers, email addresses and fax numbers (if any)) to each of the authorised representatives and to the Stock Exchange. We also confirm and will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

(c) we have retained the services of Somerley Capital Limited as compliance adviser (the "**Compliance Adviser**"), in accordance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will serve as a channel of communication with the Stock Exchange in addition to the authorised representatives of the Company. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company's authorized representatives and Directors who will provide to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties. The Compliance Adviser will also provide advice to us in compliance with Rule 3A.23 of the Listing Rules;

(d) meetings between the Stock Exchange and the Directors could be arranged through the authorized representative or the Compliance Adviser, or directly with the Directors within a reasonable time frame; and

(e) we intend to maintain a place of business in Hong Kong upon listing.

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, 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 barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

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

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, 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.

Our Company has appointed Mr. XI Xiaojie and Ms. CHAN Pung Fei as joint company secretaries of our Company on November 16, 2019. Ms. CHAN Pung Fei is an associate member of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) and the Hong Kong Institute of Chartered Secretaries and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Mr. XI Xiaojie, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. For more details of Mr. XI Xiaojie's biographical information, please see the paragraph headed "Directors and Senior Management – Joint Company Secretaries" in this prospectus. Our Company believes that Mr. XI Xiaojie, by virtue of his knowledge and experience in handling corporate administrative matters, is capable of discharging his functions as a joint company secretary. Further, our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. XI Xiaojie who is familiar with the Group's operational and investor relations matters.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant to us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on the condition that we engage Ms. CHAN Pung Fei, who possesses all the requisite qualifications required under Rule 3.28 of the Listing Rules, to assist Mr. XI Xiaojie in his discharge of duties as a joint company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules. Prior to the end of the three-year period, the qualifications and experience of Mr. XI Xiaojie and the need for on-going assistance of Ms. CHAN Pung Fei will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. XI Xiaojie, having

benefited from the assistance of Ms. CHAN Pung Fei for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

See the section headed "Directors and Senior Management – Joint Company Secretaries" in this prospectus for further information regarding the qualifications of Mr. XI Xiaojie and Ms. CHAN Pung Fei.

WAIVER IN RESPECT TO FINANCIAL STATEMENTS

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

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company to include in its 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, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the Company and (ii) the assets and liabilities of the Company for each of the three financial years immediately preceding the issue of the prospectus.

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

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus.

The Listing Rules require that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years"

or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report as appended to the Prospectus covers the two financial years ended December 31, 2019.

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

(a) We are primarily engaged in the research and development, application and commercialization of biotech products, and fall within the scope of biotech company as defined under Chapter 18A of the Listing Rules. We will fulfil the additional conditions for listing applicable to a Chapter 18A company based on the following reasons:

(b) as of the Latest Practicable Date, we have not commercialized any products and therefore did not generate any revenue from product sales. Please refer to the section headed "History, Development and Corporate Structure" in the Prospectus for the details of the major financing activities conducted by us since our incorporation including our Pre-IPO Investments;

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

(d) notwithstanding that the financial results set out in the Prospectus are only for the two financial years ended December 31, 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 the Prospectus pursuant to the relevant requirements. Therefore, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome as this would require additional work to be performed by our Company and the Reporting Accountants; and

(e) the Accountants' Report covering the two financial years ended December 31, 2019, together with other disclosure in the Prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of the Company; and 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 the Prospectus. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before April 14, 2020.

WAIVER FROM STRICT COMPLIANCE WITH RULE 13.46(2) OF THE LISTING RULES

Rule 13.46(2) of the Listing Rules requires an overseas issuer to send:

(a) every member of the issuer, and

(b) every other holder of its listed securities (not being bearer securities),

a copy of its either (i) its annual report including its annual accounts, and where the issuer prepares group accounts, its group accounts, together with a copy of the auditor's report thereon or (ii) summary financial report, not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after its financial year end (the "**Annual Report Requirement**").

The Guidance Letter HKEx-GL10-09 provides that for a waiver application from Rule 13.46, the applicant should: (a) include in its listing document the financial information in respect of the reporting period to which its first annual result and first annual report relate; (b) not be in breach of its constitutional documents or laws and regulations of its place of incorporation or other regulatory requirements regarding its obligation to publish annual results announcements and distribute annual reports and accounts; and (c) include in its listing document a short statement as to whether it complies or intends to comply with the Corporate Governance Code (the "**Code**") in Appendix 14 to the Listing Rules and if not, reasons for its proposed departure from the Code.

The Company has adopted December 31 as its financial year end date. This prospectus contains the audited financial results of the Company for the two years ended December 31, 2018 and 2019. The Directors consider that this prospectus has provided sufficient particulars and information for the year ended December 31, 2019 to enable investors to form a valid and justifiable opinion of the Company's Shares and the financial condition of the Company at the time when the prospectus is issued, and strict compliance with the Annual Report Requirement will not provide further material information for the year ended December 31, 2019 to the investors.

Strict compliance with the Annual Report Requirement would be unduly burdensome given the short timeframe between the Listing Date and the required dates of publication of the annual report of the Company, i.e. April 30, 2020. This will incur unnecessary financial and administrative costs of the Company and would be impractical and burdensome.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the Annual Report Requirement subject to the following conditions:

(a) the Company will include in this prospectus the audited financial information in respect of the year ended December 31, 2019, to which its first annual results and first annual report relate;

(b) the Company confirms that not publishing the first annual results and first annual report as required by the Listing Rules will not be in breach of its Articles of Association or laws and regulations of the Cayman Island or other regulatory requirements regarding its obligation to publish annual results announcements and distribute annual reports and accounts; and

(c) the Company has included in this prospectus a short statement as to whether it complies or intends to comply with the Code in Appendix 14 to the Listing Rules and if not, reasons for its proposed departure from the Corporate Governance Code. See "Directors and Senior Management – Corporate Governance" in this prospectus for details.

CORNERSTONE SUBSCRIPTION BY EXISTING SHAREHOLDERS AND/OR THEIR CLOSE ASSOCIATES DURING A LISTING APPLICATION PROCESS

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of securities.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, 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 any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company has applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow (i) AIHC Master Fund (an existing shareholder of our Company); (ii) CRF Investment Holdings Company Limited (an existing shareholder of our Company); (iii) Hankang Biotech Fund I, L.P. (an existing shareholder of our Company); (iv) Lake Bleu Prime Healthcare Master Fund Limited (a close associate of LBC Sunshine Healthcare L.P., an existing shareholder of our Company); (v) OrbiMed Partners Master Fund Limited ("**OrbiMed Partners**"), OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., The Biotech Growth Trust PLC and Worldwide Healthcare Trust PLC (together, the "**OrbiMed Funds**") (OrbiMed Partners as an existing shareholder of our Company; and other members of OrbiMed Partners as close associates of OrbiMed Partners); (vi) Red Earth Innovation International Company Limited (an existing shareholder and close associate of SCGC Capital Holding Company Limited, an existing shareholder of our Company); and (vii) Apricot Bioscience Holdings, L.P. (an existing shareholder of our Company) to subscribe for Shares in the Global Offering (the "Participating Shareholders") ((i) – (v) above subscribing as cornerstone investors whereas (vi) – (vii) subscribing as placees).

The Stock Exchange has granted the requested waivers and consents subject to the conditions that:

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

(b) the Offer Shares to be subscribed by and allocated to the Participating Shareholders under the Global Offering will be at the same Offer Price and in respect of Participating Shareholders subscribing by way of cornerstone investment, on substantially the same terms as other cornerstone investors (including being subject to a six-month lock up arrangement following Listing);

(c) no preferential treatment has been, nor will be, given to the Participating Shareholders 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 (in respect of Participating Shareholders subscribing as cornerstone investors) which follows the principles set out in the Guidance Letter HKEX-GL51-13, that the cornerstone investment agreements of the Participating Shareholders do not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(d) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors will be disclosed in this prospectus and the allotment results announcement of our Company whereas the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as placees will be disclosed in the allotment results announcement of our Company.

For further information about the cornerstone investments of the Participating Shareholders, please refer to the section headed "The Cornerstone Placing" in this prospectus.

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 to the public 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.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public 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 authorised 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 authorised by our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. Pursuant to the 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, subject to agreement on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be determined between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, April 17, 2020, and, in any event, not later than Thursday, April 23, 2020 (unless otherwise determined between the Joint Representatives (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Representatives and our Company on or before Thursday, April 23, 2020, the Global Offering will not become unconditional and will lapse immediately.

See the section headed "Underwriting" in this prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF 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, 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 authorised or to any person to whom it is unlawful to make such an offer or invitation. 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 authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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 (including the Shares or conversion of Preferred Shares) and to be issued pursuant to Capitalization Issue and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, April 24, 2020. 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 Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed "Structure of the Global Offering" in this prospectus. Assuming that the Over-allotment Option is exercised in full, the Company may be required to issue up to an additional 30,181,000 new Shares.

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 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.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Campbells Corporate Services Limited, in the Cayman Islands. Our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasised that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

RMB0.9084	to HK$1.00
RMB7.0942	to US$1.00
HK$7.8096	to US$1.00

In the Industry Overview section, the translation of Renminbi into U.S. dollars was made at the rate of year end for each historic year, and at the rate at the end of 2018 for each future year.

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

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 unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English prospectus that are not in the English language and are English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. XIA Yu (夏瑜)	2809 Toro Drive San Mateo California, 94403 U.S.	American
Dr. LI Baiyong (李百勇)	10 Wedgewood Road West Roxbury Massachusetts, 02132-7727 U.S.	American
Dr. WANG Zhongmin Maxwell (王忠民)	15306 Cayenne Creek Court San Diego California, 92127-3718 U.S.	American
Mr. XIA Yu (Ph.D.) (夏羽)	303 Spring Garden Avenue North York, Toronto Ontario, M2N 3H2 Canada	Canadian
Non-Executive Directors		
Mr. LIN Lijun (林利軍)	Room 202, No. 22, Lane 505 Rushan Road Pudong New District Shanghai PRC	Chinese
Dr. ZHOU Yi (周伊)	5A 1901 3038 Qiaoxiang Road Futian District Shenzhen PRC	Chinese

Independent Non-Executive Directors

Mr. TAN Bo	Flat E, 7/F, Block 14 City Garden 233 Electric Road North Point Hong Kong	Canadian
Dr. ZENG Junwen (曾駿文)	Room 21-401 24 Fangzhi Road and Dongsha Street Haizhu District Guangzhou, Guangdong PRC	Chinese
Dr. XU Yan (徐岩)	Flat B, 38/F Tower 3, The Wings 9 Tong Yin Street Tseung Kwan O New Territories Hong Kong	Chinese (Hong Kong)

For further information regarding our Directors, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **J.P. Morgan Securities (Far East) Limited** 6, 7, 23-29/F Chater House 8 Connaught Road Central Hong Kong
Joint Representatives	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **BOCOM International Securities Limited** 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong

	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Centre 1 Harbour View Street 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
	J.P. Morgan Securities (Asia Pacific) Limited *(in relation to the Hong Kong Public Offering)* 28/F, Chater House 8 Connaught Road Central Hong Kong
	J.P. Morgan Securities plc *(in relation to the International Offering)* 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central, Hong Kong

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

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
48/F., One Exchange Square
Central, Hong Kong

Legal Advisers to the Company

As to Hong Kong and United States laws:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:

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

As to Cayman Islands law:

Campbells
Room 3507, Floor 35
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Legal Advisers to the Joint Sponsors and Underwriters	*As to Hong Kong and United States laws:* **Davis Polk & Wardwell** 18/F, The Hong Kong Club Building 3A Chater Road Hong Kong *As to PRC law:* **Tian Yuan Law Firm** 10/F China Pacific Insurance Plaza 28 Fengshen Hutong Xicheng District Beijing 100032 China
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Industry Consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** 16/F CMB Wing Lung Bank Building 45 Des Voeux Road Central, Hong Kong **Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower, 3 Garden Road Central, Hong Kong

Registered office	Floor 4, Willow House Cricket Square Grand Cayman KY1-9010 Cayman Islands
Corporate headquarters	6 Shennong Road Torch Development Zone Zhongshan Guangdong 528437 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	**www.akesobio.com** (The contents on this website do not form part of this prospectus)
Compliance Adviser	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong
Joint Company Secretary	Mr. XI Xiaojie Flat A, 36/F, Block 3 Island Harborview 11 Hoi Fai Road Kowloon Hong Kong Ms. CHAN Pung Fei *(ACIS; ACS)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Authorized representatives	Dr. XIA Yu (夏瑜) 2809 Toro Drive San Mateo California, 94403 U.S. Ms. CHAN Pung Fei (陳芃霏) Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. TAN Bo *(Chairman)* Dr. XU Yan (徐岩) Dr. ZENG Junwen (曾駿文)
Remuneration Committee	Dr. ZENG Junwen (曾駿文) *(Chairman)* Dr. XIA Yu (夏瑜) Dr. XU Yan (徐岩)
Nomination Committee	Dr. XIA Yu (夏瑜) *(Chairwoman)* Dr. XU Yan (徐岩) Dr. ZENG Junwen (曾駿文)
Cayman Islands share registrar and transfer office	**Campbells Corporate Services Limited** Floor 4, Willow House Cricket Square Grand Cayman KY1-9010 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

Principal bankers

In Hong Kong:

The Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

In the PRC:

Industrial and Commercial Bank of China Limited, Zhongshan High-Tech Industrial Development Zone Technology Branch
No. 2, Kangle Avenue
Zhongshan
Guangdong
PRC

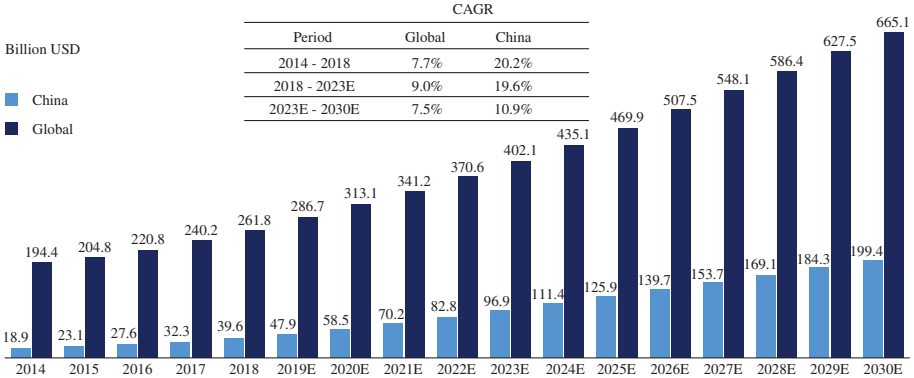
The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (other than Frost & Sullivan), and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.

1. OVERVIEW OF THE GLOBAL AND CHINA BIOLOGICS MARKET

1.1 Overview

Biologics are pharmaceutical products that replicate natural substances such as enzymes, antibodies or hormones in our bodies. The major types of biologics include monoclonal antibodies ("mAbs"), recombinant proteins, vaccines and gene and cell therapy. The global and China's biologics markets have experienced rapid growth in the past few years and are expected to continue to grow significantly in the near future, as illustrated in the chart below.

Global and China Biologics Market Size (2014-2030E)

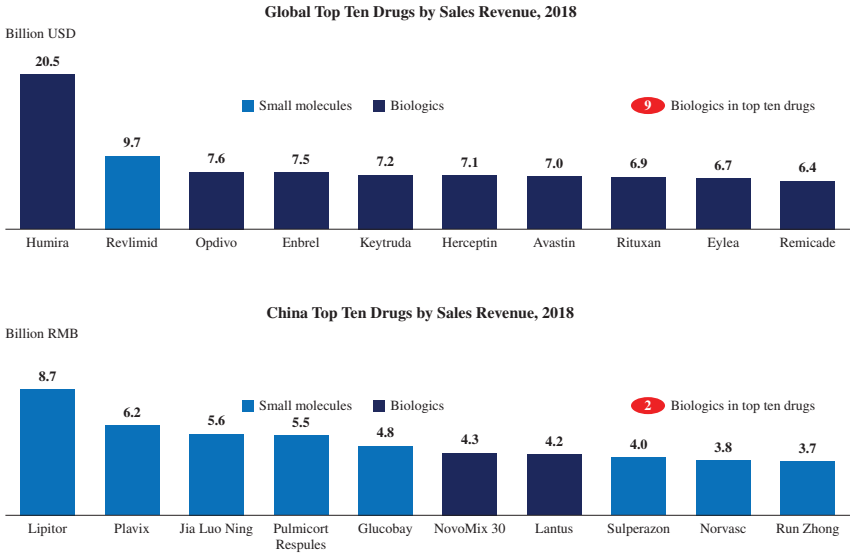


Source: Frost & Sullivan Report

Notably, the growth of China's biologics market has outpaced that of the global biologics market in recent years, driven by a combination of factors, including favorable regulatory environment and supportive government policies, the encouraging development of biologic therapies and personalized disease treatment, improved affordability of and access to biologics, and expanded indications for biologic therapies.

Despite the rapid growth of China's biologics market in recent years, the penetration rate of biologics in China market remains low. There is still great potential for biologics to capture more market share in China among all pharmaceutical products. The chart below lists the top ten best-selling drugs globally and in China in 2018. While nine out of the top ten drugs sold globally are biologics, only two of the top ten drugs sold in China are biologics, indicating huge room for biologics market growth and expansion in China.

Comparison of Top Ten Drugs Globally and in China



Source: Annual Report, Frost & Sullivan Analysis

1.2 Monoclonal Antibodies

Monoclonal antibodies comprise one of the largest segments of the overall biologics market, representing 55.3% of the worldwide biologics market by sales revenue in 2018, according to Frost & Sullivan.

Nine out of the ten best-selling drugs globally in 2018 are mAbs, including two fusion proteins. The ten top-selling mAbs had combined global revenues of US$82.0 billion in 2018. The tables below illustrate the global and China's top ten best-selling mAbs by sales revenue in 2018, respectively.

Global Top Ten Best-selling mAbs by Sales Revenue in 2018

No.	Brand Name	INN	Target	Major Indications	Originator	Sales Revenue (Billion USD)
1	Humira	Adalimumab	TNF-α	RA, PsA, AS	AbbVie/Eisai	20.5
2	Opdivo	Nivolumab	PD-1	Melanoma, NSCLC	BMS/ONO	7.6
3	Enbrel	Etanercept	TNF-α	RA, PsA, AS	Pfizer/Amgen/ Takada	7.5
4	Keytruda	Pembrolizumab	PD-1	Melanoma, NSCLC, HNSCC	MSD	7.2
5	Herceptin	Trastuzumab	HER-2	HER-2 Breast Cancer/ GC	Roche	7.1
6	Avastin	Bevacizumab	VEGF-A	CRC, NSCLC	Roche	7.0
7	Mabthera/ Rituxan	Rituximab	CD20	NHL, CLL, RA	Roche	6.9
8	Eylea	Aflibercept	VEGF-A	Neovascular WAMD	Regeneron/Bayer/ Santen	6.8
9	Remicade	Infliximab	TNF-α	CD, RA	J&J/Merck/ Mitsubishi	6.4
10	Stelara	Ustekinumab	IL-12/IL-23	Psoriasis, PsA, CD	J&J	5.2

China Top Ten Best-selling mAbs by Sales Revenue in 2018

No.	Brand Name	INN	Target	Major Indications	Originator	Sales Revenue (Million RMB)
1	Herceptin	Trastuzumab	HER-2	HER-2 Breast Cancer/GC	Roche	3,227.3
2	Avastin	Bevacizumab	VEGF-A	Metastatic CRC	Roche	3,187.1
3	Mabthera	Rituximab	CD20	NHL, CLL, RA	Roche	2,522.0
4	Yisaipu (益赛普)	Etanercept	TNF-α	RA, PsA, AS	3S Bio (三生国建)	1,208.0
5	Lucentis	Ranibizumab	VEGF-A	wAMD	Novartis	1,088.1
6	Langmu (朗沐)	Conbercept	VEGF-A	wAMD	Kanghong (康弘药业)	959.5
7	Erbitux	Cetuximab	EGFR	Metastatic CRC	Merck	793.5
8	Opdivoxi	Nivolumab	PD-1	NSCLC	BMS	526.3
9	Taixi (泰欣生)	Nimotuzumab	EGFR	NPC	Biotech (百泰生物)	489.1
10	Keytruda	Pembrolizumab	PD-1	Melanoma, NSCLC	MSD	430.0

Abbreviations: AS = ankylosing spondylitis; CD = Crohn's disease; CD20 = cluster of differentiation 20; CLL = chronic lymphocytic leukemia; CRC = colorectal cancer; EGFR = epidermal growth factor receptor; GC = gastric cancer; HER-2 = human epidermal growth factor receptor 2; IL-12 = interleukin-12; IL-23 = interleukin-23; NHL = Non-Hodgkin lymphoma; NPC = nasopharyngeal cancer; NSCLC = non-small cell lung cancer; PD-1 = programmed cell death protein 1; PsA = Psoriatic arthritis; RA = rheumatoid arthritis; TNF-α = tumor necrosis factor α; VEGF-A = vascular endothelial growth factor A; wAMD = wet age-related macular degeneration

Note: 1. Enbrel is a fusion protein consisting of the extracellular ligand-binding portion of the human 75 kilodalton (p75) tumor necrosis factor receptor (TNFR) linked to the Fc portion of human IgG. Yisaipu (益賽普) is regarded by some as the biosimilar to Etanercept (Enbrel) given that it has the same amino acid sequence as Enbrel and is highly similar to Enbrel based on extensive analysis of its structure and function.

Source: Annual Report, Frost & Sullivan Report

2. GLOBAL AND CHINA IMMUNO-ONCOLOGY MARKET

2.1 Overview of Immuno-oncology Therapies

Immuno-oncology therapy, including checkpoint inhibitors, therapeutic cancer vaccines, cytokines and cell therapies, has revolutionized cancer treatment in the last few years. There is still significant room for improvement on immuno-oncology therapy's efficacy and safety, and continued research and development efforts are underway around the world, with a focus on characterizing novel immuno-oncology targets and exploring combination therapies.

2.2 Top Cancer Types in China and U.S. Markets

There is a substantial cancer patient population both in China and U.S. that may benefit from immuno-oncology therapies. As illustrated in the tables below, the China and U.S. populations have different top ten cancers in terms of new cases in 2018, which is expected to increase at a CAGR of 2.9% and 1.8%, respectively, from 2018 to 2030.

China and U.S. Top Ten Cancer Types by Incidence (in thousands)

China			U.S.		
Cancer Type	**2018**	**2030**	**Cancer Type**	**2018**	**2030**
Lung	867.5	1,225.5	**Breast**	268.7	302.7
GC	442.3	613.8	**Lung**	234.0	302.0
CRC	426.7	598.8	**Prostate**	164.5	218.9
Liver	400.2	526.0	**CRC**	140.3	176.5
Breast	320.7	373.2	**Skin**	99.6	127.7
Thyroid	315.5	603.8	**Lymphoma**	83.2	101.8
Esophagus	271.6	383.9	**Bladder**	81.2	104.2
Cervical	115.7	125.6	**Kidney**	65.3	79.1
CNS	112.8	138.1	**Uterine**	63.2	82.3
Pancreas	104.9	152.2	**Leukemia**	60.3	56.6

Abbreviations: CNS = central nervous system, GC = gastric cancer, CRC = colorectal cancer

Note: 1. Head and neck cancer, consisting of lip, oral cavity, nasopharynx and larynx, etc., is not included in this table as one integrated cancer type. 2. There were around 13,200 new cases of cervical cancer in the U.S. in 2018, which is estimated to increase to 14,500 by 2030.

Source: Frost & Sullivan Report

The five-year survival rate of cancer patients varies by types and by countries. The table below illustrates the survival rate of cancer patients by cancer types in China and the U.S. China's five-year survival rate generally lags far behind that of the U.S., according to an investigation in China (from 2012 to 2015) and in the U.S. (from 2009 to 2015).

Five-year Survival Rate by Cancer Types in China and the U.S.

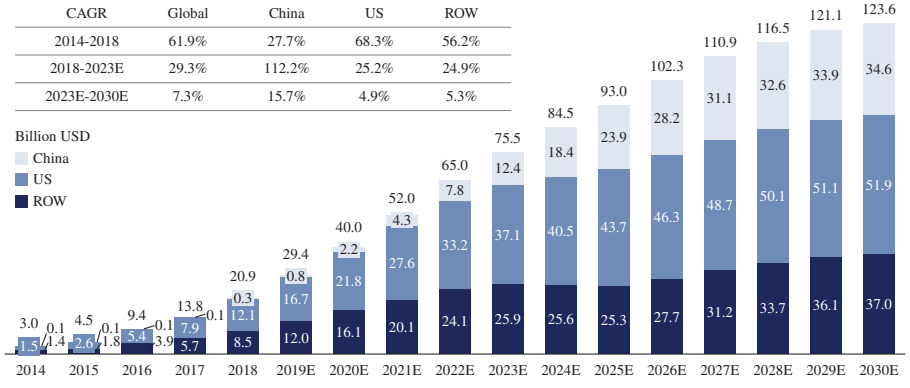
	Thyroid	Breast	Bladder	Kidney	Prostate	Cervix	Larynx	Colon-rectum	Testis	Oral cavity and pharynx	Nasopharynx	Melanoma of skin	Ovary	Lymphoma	Stomach	Esophagus	Brain	Leukemia	Lung	Liver	Pancreas
China	84.3%	82.0%	72.9%	69.8%	66.4%	59.8%	57.7%	56.9%	55.2%	50.4%	45.5%	45.1%	39.1%	37.2%	35.1%	30.3%	26.7%	25.4%	19.7%	12.1%	7.2%
U.S.	98.2%	89.9%	77.1%	74.8%	98.0%	65.8%	60.3%	64.4%	95.2%	65.3%	61.6%	92.2%	47.6%	73.5%	31.5%	19.9%	32.9%	62.7%	19.4%	18.4%	9.3%

Source: NIH, CDC, NCCR, Frost & Sullivan Report

2.3 Market Size of Immuno-oncology Therapies

Despite the variations with different cancer patient populations, the global market size for immuno-oncology therapies is projected to continue its growth at a substantial rate both inside and beyond China. The chart below shows the historical and projected market size of immuno-oncology therapies in the U.S., China, and the rest of the world ("ROW").

Immuno-Oncology Therapies Market Size



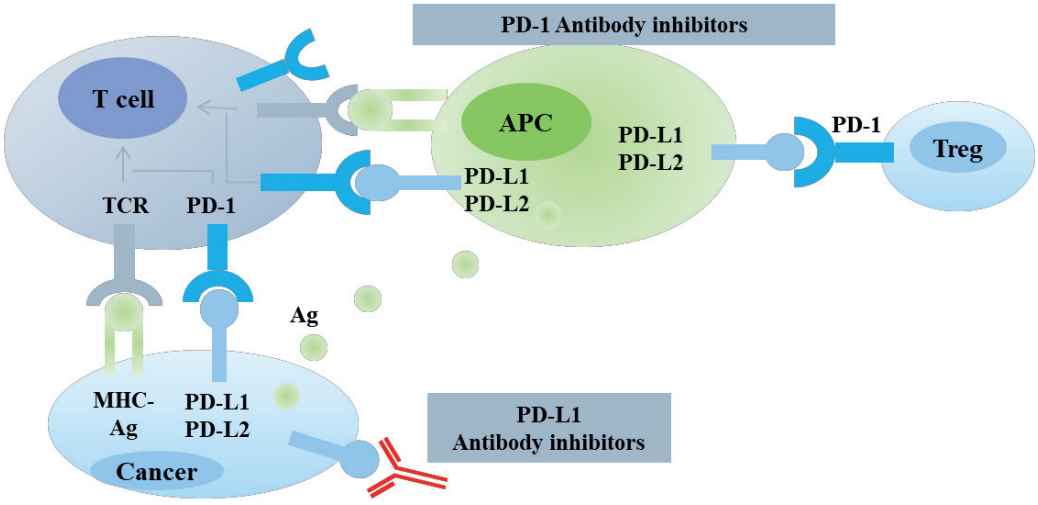
Source: Frost & Sullivan Report

2.4 Major Immuno-oncology Therapies

In light of the observed and foreseeable market potential, significant research and development is underway globally to discover and explore a wide variety of immuno-oncology antibody drug targets and combinations, among other types of targets or therapies. The most widely prescribed and efficacious single agent immuno-oncology antibody therapies that have been discovered and successfully developed to date are PD-(L)1 and CTLA-4 monoclonal antibodies. In addition to PD-(L)1 and CTLA-4, there are also a number of other immune checkpoints, such as LAG-3, TIM-3, and TIGIT, that are being explored in clinical trials. These immune checkpoints belong to the same class of receptors expressed on T cells as PD-1 and CTLA-4, and exhibit unique functions in regulating distinct aspects of immunity. Increased understanding of the specialized functions of these immune checkpoints will inform the rational clinical application of therapies that target these immune checkpoints.

2.4.1 PD-(L)1 Antibodies

Anti-PD-(L)1 therapies have demonstrated robust efficacy and tolerable safety profile. The diagram below illustrates the mechanism of action of PD-(L)1 antibodies.



Note:

Normally, major histocompatibility complex (MHC) can bind to antigens (Ag) and display them on the cell surface for recognition by the appropriate T-cells. T-cell receptors (TCR) recognize antigen displayed by MHC molecules on the surface of antigen-presenting cells (APCs). The binding of a TCR to an MHC epitope complex can result in a signal being sent to the cell nucleus to induce an immune response.

PD-1 is a protein on the surface of T-cells and is one of the proteins referred to as an "immune checkpoint". The normal function of PD-1 is to prevent the T-cell mediated immune response from attacking normal cells in the body when certain proteins called the PD-1 ligand 1 (PD-L1) or the PD-1 ligand 2 (PD-L2) on the surface of a normal cell bind to it.

Some cancer cells can express high level of PD-L1 and PD-L2 to bind to the PD-1 on T-cells and thereby help the cancer cells evade T-cell attacks. PD-(L)1 antibodies bind to PD-1 or PD-L1 and blocks PD-1 from binding to PD-L1 and/or PD-L2. This prevents the PD-1 found on T-cells from binding with the PD-L1 and/or PD-L2 found on cancer cells, which allows the T-cells to kill the cancer cells.

Source: Frost & Sullivan Report

Globally, there are currently three PD-1 mAbs approved by the FDA for 17 cancer indications, and three PD-L1 mAbs for six approved cancer indications. In China, there are currently six PD-1 mAbs and one PD-L1 mAb approved by NMPA. The tables below illustrate these approved PD-(L)1 antibodies' global sales revenue from approval to 2018 in total and by geographic area as well as other information.

Global Sales of FDA Approved PD-(L)1 Antibodies (Million USD)

		Manufacturer[5]	Price in U.S. (USD)	Reimbursement Status in U.S.	2014	2015	2016	2017	2018
PD-1 Antibodies	Opdivo (nivolumab)	BMS	~6,900/240mg	Yes	20	997	4,676	5,753	7,572
	Keytruda (pembrolizumab)	MSD	~10,000/200mg	Yes	55	566	1,402	3,809	7,171
	Libtayo (cemiplimab)[1]	Regeneron/ Sanofi	~9,500/350mg	Yes	–	–	–	–	15
PD-L1 Antibodies	Tecentriq (atezolizumab)[2]	Genentech (Roche)	~6,700/840mg	Yes	–	–	160	486	789
	Bavencio (avelumab)[3]	Merck KGaA/Pfizer	~1,700/200mg	Yes	–	–	–	24	82
	Imfinzi (durvalumab)[4]	AstraZeneca	~3,800/500mg	Yes	–	–	–	19	633

Breakdown of Global Sales of FDA Approved PD-(L)1 Antibodies by Geographic Areas (Million USD)

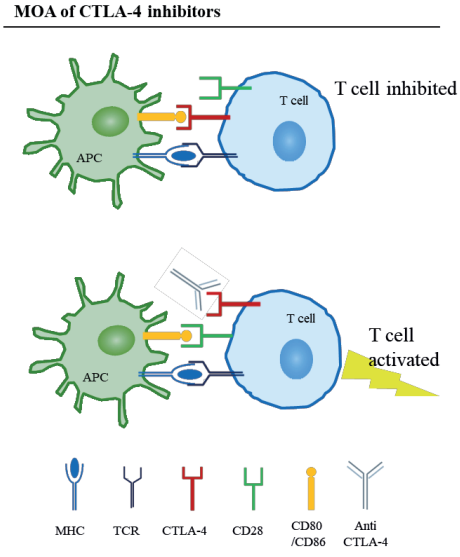
Categories	Drugs	2014			2015			2016			2017			2018		
		US	China	ROW	US	China	ROW	US	China	ROW	US	China	ROW	US	China	ROW
PD-1 Antibodies	Opdivo (nivolumab)	1	0	19	823	0	174	2,664	0	2,012	3,102	0	2,651	4,239	63	3,270
	Keytruda (pembrolizumab)	48	0	7	393	0	173	792	0	610	2,309	0	1,500	4,150	72	2,949
	Libtayo (cemiplimab)[1]	–	–	–	–	–	–	–	–	–	–	–	–	15	0	0
PD-L1 Antibodies	Tecentriq (atezolizumab)[2]	–	–	–	–	–	–	156	0	4	463	0	32	480	0	309
	Bavencio (avelumab)[3]	–	–	–	–	–	–	–	–	–	NA[6]	0	NA[6]	82	NA[6]	0
	Imfinzi (durvalumab)[4]	–	–	–	–	–	–	–	–	–	19	0	0	564	0	69

Notes: 1. Revenue data from 2014 to 2017 are not available. Libtayo received marketing approval from the FDA in September 2018. 2. Revenue data from 2014 and 2015 are not applicable. Tecentriq received marketing approval from the FDA in May 2016. 3. Revenue data from 2014 to 2016 are not available. Bavencio received marketing approval from the FDA in May 2017. 4. Revenue data from 2014 to 2016 are not available. Imfinzi received marketing approval from the FDA in May 2017. 5. These manufacturers do not have China JV partners with regard to the sales of the above drugs in China. 6. Data have not been publicly disclosed and hence are not available.

Sources: Annual Reports; Frost & Sullivan Report

2.4.2 CTLA-4 Antibodies

Cytotoxic T-lymphocyte antigen-4 (CTLA-4), also known as CD152, is a protein expressed on T cells that functions as an immune checkpoint and downregulates immune responses. CTLA-4 mAbs block the interaction of CTLA-4 with its ligands, CD80/CD86, and thereby increase T cell response to tumor antigens. The diagram below illustrates the mechanism of action of CTLA-4 antibodies.



Abbreviations: APC = antigen-presenting cells, MHC = major histocompatibility complex, TCR = T-cell receptors

Source: Frost & Sullivan Report

Currently, BMS's Yervoy is the only marketed CTLA-4 drug targeting cancer, and its approved indications include unresectable or metastatic melanoma, adjuvant treatment of melanoma (as monotherapy and in combination with nivolumab), advanced renal cell carcinoma (RCC) (in combination with nivolumab), and microsatellite instability-high (MSI-H) or deficient mismatch repair (dMMR) metastatic colorectal cancer (CRC) (in combination with nivolumab), and hepatocellular cancer (HCC) (in combination with nivolumab). Yervoy is priced at around US$31,000 every 200 mg and is included in the reimbursement list in the U.S. From 2012 to 2018, global sales revenue of Yervoy increased from US$706 million to US$1.3 billion. The following table sets forth Yervoy's global sales in total and by geographic area during the periods indicated below.

Breakdown of Global Sales of Yervoy by Geographic Areas (Million USD)

Drug	2014				2015				2016				2017				2018			
	Global	US	China	ROW	Global	US	China	ROW	Global	US	China	ROW	Global	US	China	ROW	Global	US	China	ROW
Yervoy	1,308	709	0	599	1,126	602	0	524	1,053	802	0	251	1,244	908	0	336	1,330	941	0	389

Source: Frost & Sullivan Report

Currently, there is no CTLA-4 inhibitor approved in China. There are currently eight drug candidates in the global pipeline of CTLA-4 mAbs, excluding bi-specifics, with three such drug candidates under clinical development in China. In addition to being developed as monotherapies, most of these drugs are being developed for the use in combination therapies as well.

2.4.3 Combination Therapies

Immune checkpoint blockade, when effective, can result in durable and long lasting clinical benefits. However, through meta-analysis of twelve clinical trials with 6,700 patients (including 6 trials for nivolumab, 4 trials for pembrolizumab and 2 trials for atezolizumab), the overall response rate of PD-1/PD-L1 antibody monotherapy for solid tumors is only 21.9%.[1] There is growing recognition in the academic and industry communities that immuno-oncology combination therapies that simultaneously employ different mechanisms of action often exhibit significant improvement in response rate and durability as compared to single-agent immunotherapies. Therefore, immuno-oncology combination therapies, especially combinations of two or more targeted therapies, are expected to be one of the future trends of oncology therapies.

With clinical evidence of synergy between PD-(L)1 agents and CTLA-4 agents, PD-(L)1 and CTLA-4 combination therapy has in recent years generated tremendous interests from the pharmaceutical industry. In 2018, there were approximately 1,652 clinical trials with a PD-(L)1 inhibitor or a CTLA-4 mAb as a component of combination therapy globally, and approximately 91 such clinical trials in China.

Combination therapies using both PD-1 and CTLA-4 antibodies yield better results as compared to monotherapy. However, there are higher serious adverse events (SAEs) rates associated with combination therapies using PD-1 and CTLA-4 antibodies that limit their use. As of the Latest Practicable Date, Opdivo and Yervoy was the only PD-1 and CTLA-4 combination therapy globally approved for three indications, including unresectable or metastatic melanoma, RCC, MSI-H or dMMR metastatic CRC and HCC. There is currently no other approved PD-(L)1 and CTLA-4 combination therapy globally, and there are four combination therapies in Phase III clinical trials targeting 13 indications worldwide.

1. Carretero-González A, Lora D, Ghanem I, *et al*. Analysis of response rate with ANTI PD1/PD-L1 monoclonal antibodies in advanced solid tumors: a meta-analysis of randomized clinical trials [J]. Oncotarget, 2018, 9(9): 8706.

ORR and SAE Comparison between Monotherapy and Combination Therapy

Indication		Patient Enrollment		ORR (%)		SAEs	
		Opdivo®	Opdivo® +Yervoy®	Opdivo®	Opdivo® +Yervoy®	Opdivo®	Opdivo® +Yervoy®
Approved Combo Therapies	Unresectable or Metastic Melanoma	316	314	40%	50%	42%	71%
	RCC	410	550	22%	42%	48%	56%
	MSI-H or dMMR Metastatic CRC	74	119	32%	49%	20%	32 %
Clinical Trials	GC	59	49	12%	24%	17%	47%
	SCLC	98	115	10%	21%	13%	24%
	Metastatic Sarcoma	38	38	5%	16%	19%	26%
	HNC	6	6	13%	50%	13%	33%
	Advanced NSCLC[1]	52	77	23%	43%	19%	35%

Abbreviations: SAE = serious adverse event; HNC = head and neck cancer; ORR = objective response rate; SCLC = small cell lung cancer

Notes: (1) Not a head to head trial.

Source: FDA, Clinical trial.gov, Frost & Sullivan analysis

Many clinical trials have investigated combination therapies of PD-1 mAb with VEGF blocking antibodies or small molecule inhibitors. Below are some examples that received regulatory approvals recently:

- Keytruda (pembrolizumab) plus Lenvima (lenvatinib): This combination therapy has already received accelerated approval by the FDA for treatment of endometrial cancer and has received "breakthrough therapy" certification for hepatocellular cancer (HCC). The combination therapy showed superior clinical results compared with Keytruda monotherapy. For example, the ORR of Keytruda monotherapy in non-small cell lung cancer (NSCLC) and HCC was 18% and 17%, respectively, while the combination therapy of Keytruda plus Lenvima was 33.3% and 44.8% respectively.

- Tecentriq (atezolizumab) plus Avastin (bevacizumab), Taxol (paclitaxel) and Paraplatin (carboplatin): In December 2018, this combination therapy was approved by the FDA for first line treatment of metastatic non-squamous NSCLC without epidermal growth factor receptor or anaplastic lymphoma kinase genomic tumor aberration.

- Keytruda plus Inlyta (axitinib): In April and September 2019, the FDA and European Commission approved this combination therapy for the first-line treatment of patients with advanced RCC, respectively.

2.4.4 Bi-Specific Antibodies

Bi-specific antibodies recognize and specifically bind to two antigens or epitopes. This allows them to simultaneously block two antigen/epitope-mediated biological functions, and they are expected to induce potentially superior biological effects previously unattainable with mAbs. Bi-specific antibodies' debut in 2009 as a new therapeutic approach roughly paralleled the initial approval timeline of immuno-oncology antibody drugs, i.e., Yervoy's FDA approval in 2011. The following ten years witnessed an exponential growth in the immuno-oncology field where bi-specific antibody development has also advanced. In addition to potential cost benefit, simplicity with clinical trials, and ease for use in combination therapies, bi-specific antibodies with immuno-oncology targets could have additional biological benefit depending on the selected target(s) and designed structure. Recent clinical data published by various pharmaceutical companies for their bi-specific antibodies, including our AK104 (PD-1/CTLA-4), has further stimulated interests in the development of bi-specific antibody immuno-oncology therapies.

The FDA has approved two bi-specific antibodies to date, only one of which is an immuno-oncology therapy – Blincyto (CD3/CD19 bi-specific antibody). Blincyto was approved by FDA for acute lymphoblastic leukemia in 2014 and had sales revenue of US$230 million in 2018. In addition, numerous multinational pharmaceutical companies have deployed substantial resources to the development of bi-specific antibodies, especially those based on approved immune checkpoints. In 2014, MacroGenics established strategic partnerships with a number of pharmaceutical companies such as Janssen and Takeda with its strong technology platform. In January 2015, GSK and Adimab reached a strategic cooperation to jointly develop bi-specific antibodies. In the same year, Lilly and Innovent signed an agreement on the development and commercial application of three PD-1-based bi-specific antibodies. According to Frost & Sullivan, as of September 30, 2019, there were over 90 bi-specific antibodies in clinical trials globally, among which 18 bi-specific antibodies target at least one immune checkpoint such as PD-(L)1.

In addition, there is one tri-specific antibody being developed in the field of oncology. This tri-specific antibody is designed to interact with CD38, CD3 and CD28 simultaneously to enhance both T cell activation and tumor targeting and is currently in pre-clinical studies conducted by Sanofi.

2.4.4.1 PD-(L)1-Based Bi-Specific Antibody Therapies

With PD-(L)1 antibodies generally becoming the standard of care in a broad range of cancer types, PD-(L)1-based bi-specific antibody using PD-(L)1 backbone became a natural option to be evaluated in various combinations with other drugs. No PD-(L)1-based bi-specific antibody has been approved for marketing yet. The table below shows the global pipeline of PD-(L)1-based bi-specific antibodies outside of China as of the Latest Practicable Date.

Global Pipeline of PD-(L)1-based Bi-specific Antibodies (Except for China)

Product	Company	Target	Indications	Phase	Type of therapy	First posted date
AK104	Akeso Group	PD-1/CTLA-4	advanced solid tumors	I	Mono	Oct-2017
MGD-013	MacroGenics	PD-1/LAG3	GC, GEJ cancer	II/III	Combo (with margetuximab and chemo)	Sep-2019
GEN-1046	Genmab	PD-L1/CD137	advanced solid tumors	I/II	Mono	Apr-2019
MEDI-5752	MedImmune	PD-1/CTLA-4	advanced solid tumors	I	Mono	Apr-2018
XmAb-20717	Xencor	PD-1/CTLA-4	advanced solid tumors	I	Combo (with chemo)	Jul-2018
MGD-019	MacroGenics	PD-1/CTLA-4	advanced solid tumors	I	Mono	Dec-2018
KN046	Alphamab	PD-L1/CTLA-4	advanced solid tumors	I	Mono	May-2018
AK112	Akeso Group	PD-1/VEGFR	advanced solid tumors	I	Mono	Aug-2019
FS-118	F-star/Merck	PD-L1/LAG3	advanced cancer	I	Mono	Apr-2018
RO-7121661	Roche	PD-1/TIM-3	solid tumors	I	Mono	Oct-2018
RO-7247669	Roche	PD-1/LAG3	solid tumors	I	Mono	Oct-2019
LY-3434172	Eli Lilly	PD-1/PD-L1	advanced cancer	I	Mono	Feb-2018
HX-009	Waterstone Hanxbio	PD-1/CD47	advanced solid tumors	I	Mono	Sep-2019
ONO-4685	Ono/Merus	PD-1/CD3	autoimmune disease	I	Mono	Sep-2019
MCLA-145	Incyte/Merus	PD-L1/CD137	advanced solid tumors	I	Mono	Apr-2019
ES101/ INBRX-105	Elpiscience/Inhibrx	PD-L1/CD137	advanced cancer	I	Mono	Jan-2019

Source: Clinicaltrial.gov, CDE, company data, Frost & Sullivan Report

The table below sets forth China's pipeline of PD-(L)1-based bi-specific antibodies as of the Latest Practicable Date.

China Pipeline of PD-(L)1-based Bi-specific Antibodies

Product	Company	Target	Indications	Phase	Type of therapy	First posted date
AK104	Akeso Group	PD-1/CTLA-4	MSI-H/MMR solid tumors	II	Mono	Feb-2020
			advanced solid tumors	Ib/II	Mono	Jul-2019
			GC, GEJ	Ib/II	Combo (with chemo)	Dec-2018
			PTCL	Ib/II	Mono	Jan-2020
SHR-1701	Hengrui Medicine (江蘇恒瑞)	PD-L1/TGF-βR2	NPC	Ib	Mono	Feb-2020
			advanced solid tumors	I	Mono	Dec-2018
KN046	Alphamab (康寧傑瑞)	PD-L1/CTLA-4	NSCLC	II	Combo (with chemo)	Jun-2019
			ESCC	II	Mono	May-2019
			triple-negative breast cancer	Ib/II	Combo (with chemo)	Apr-2019
			advanced cancer	I	Mono	Nov-2018
IBI318	Innovent (信達生物)	PD-L1/PD-1	advanced cancer	I	Mono	Apr-2019
IBI315	Innovent (信達生物)	PD-1/HER2	advanced cancer	I	Mono	Nov-2019
IBI322	Innovent (信達生物)	PD-L1/CD47	advanced cancer	I	Mono	Mar-2020
ES101/ INBRX-105	Elpiscience/Inhibrx (科望醫藥)	PD-L1/CD137	advanced solid tumor	I	Mono	May-2019
HX-009	Hanxbio (翰思生物)	PD-1/CD47	advanced solid tumors	I	Mono	Nov-2019
MGD-013	MacroGenics/Zai Lab (再鼎醫藥)	PD-1/LAG3	GC, GEJ	I	Combo (with niraparib)	Mar-2020

Abbreviation: PTCL = Peripheral T cell lymphoma

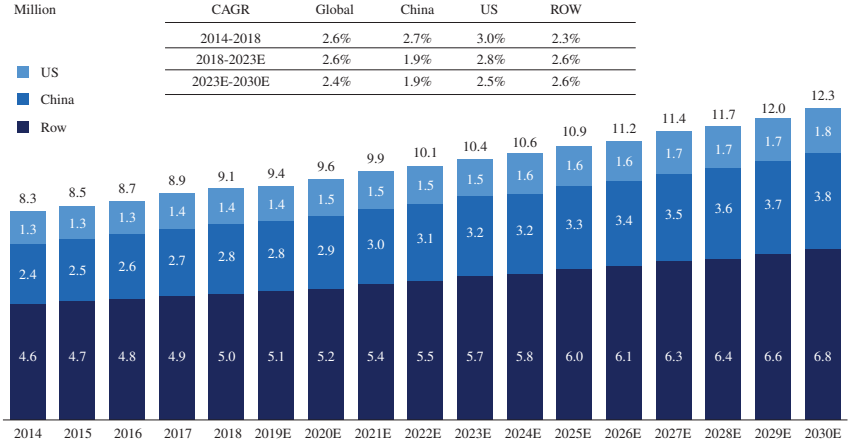
Source: Clinicaltrial.gov, CDE, Frost & Sullivan Report

2.4.4.2 Potentially Addressable Patient Population and Market Size for PD-(L)1/ CTLA-4 Bi-Specific Antibody Therapies

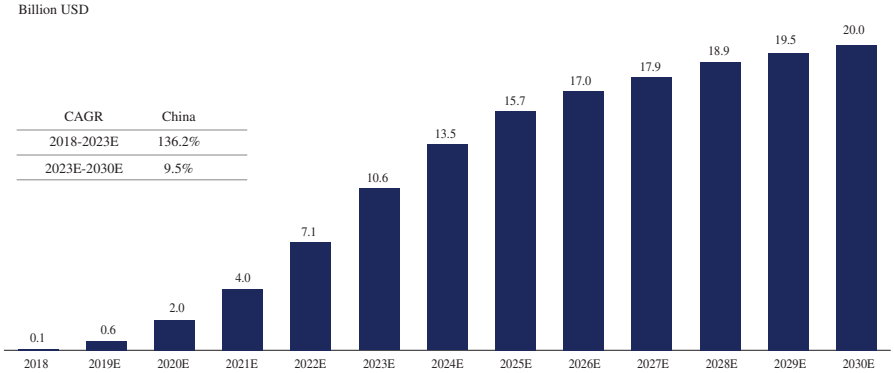
The size of PD-(L)1/CTLA-4 bi-specific antibody therapies' total addressable market is correlated to the size of its potentially addressable patient population. The potentially addressable patient population for PD-(L)1/CTLA-4 bi-specific antibodies, such as our AK104, covers cancer patients who are responsive to PD-(L)1 monotherapy, CTLA-4 monotherapy or their combination, including those patients who responded to, but relapsed after, previous treatment. These represent approximately 67% of patients with solid tumor. PD-(L)1/CTLA-4 bi-specific antibody may also be effective to cancer patients who are not meaningfully responsive to PD-(L)1 monotherapy.

To be conservative, we define the total addressable patient population of PD-(L)1/CTLA-4 bi-specific antibody therapies in China and the U.S. as the addressable patient population for PD-(L)1 and/or CTLA-4 antibodies with cancer indications that have been approved, and were in clinical trials and could potentially be approved, in the relevant market as of May 31, 2019, which is equivalent to the total addressable patient pool of PD-(L)1-based therapy market as illustrated by the first chart below. Using this methodology, this addressable patient pool is estimated to be approximately 2.8 million and 1.4 million in China and the U.S. in 2018, respectively, and is projected to grow to approximately 3.8 million and 1.8 million in 2030, respectively. As shown in the other two charts below, the market size of PD-(L)1-based therapy market in China and U.S. are expected to increase to US$20.0 billion and US$38.0 billion in 2030, respectively, of which the expected penetration rate of PD-(L)1-based bi-specific antibody therapies will reach at least 25% and 33%, respectively. With more combination therapies and bi-specific antibody therapies expected to demonstrate efficacy and safety that are superior to monotherapies, these therapies are expected to have high penetration rate and capture an increasingly large share of the overall immuno-oncology therapy market.

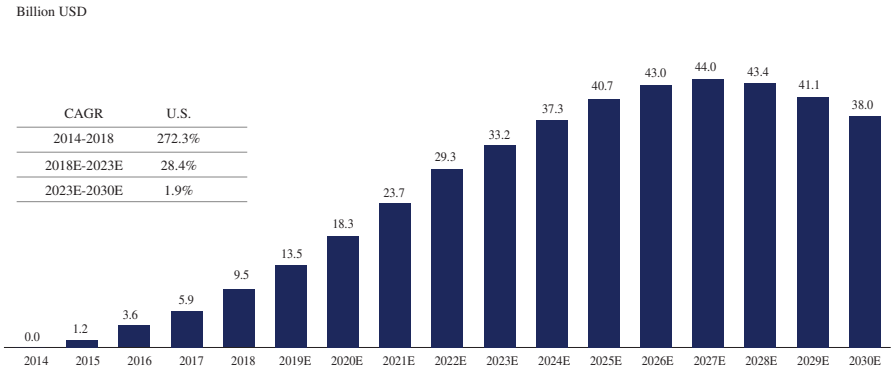
PD-(L)1-Based Therapy Addressable Patient Pool (New Cases, 2014-2030E)



PD-(L)1-Based Therapy Market Size in China (2018-2030E)[1, 3]



PD-(L)1-Based Therapy Market in the U.S. (2014-2030E)[2, 3]



Notes: 1. The first PD-(L)1-based therapy was approved in 2018 in China. 2. The first PD-(L)1-based therapy was approved in 2014 in the U.S. 3. The market includes the PD-(L)1 monotherapy, combotherapy and bi-specific antibody.

Source: Frost & Sullivan Report

2.5 Competitive Landscape of PD-(L)1 & CTLA-4 Inhibitors Globally and in China

2.5.1 PD-1 Inhibitors and PD-L1 Inhibitors

2.5.1.1 Global (FDA Approved)

The tables below summarize the PD-1 antibodies and the relevant indications approved by the FDA between January 2014 and January 2020.

FDA-Approved PD-1 mAbs (Jan 2014-Jan 2020)

Product	Approved Indications
Opdivo	• melanoma • NSCLC • RCC • classic hodgkin lymphoma (cHL) • squamous cell carcinoma of the head and neck (SCCHN) • urothelial carcinoma • MSI-H or dMMR metastatic CRC • HCC • melanoma • SCLC
Opdivo (combo with Yervoy)	• melanoma • RCC • MSI-H or dMMR metastatic CRC

Product	Approved Indications
Keytruda	• melanoma • SCCHN • NSCLC • refractory cHL • urothelial carcinoma • MSI-H cancer • gastric cancer (GC) or gastroesophageal junction (GEJ) cancer • cervical cancer • primary mediastinal large B-cell lymphoma • HCC • merkel cell carcinoma • small cell lung cancer (SCLC) • squamous cell carcinoma of the esophagus (ESCC) • non-squamous NSCLC • squamous NSCLC • RCC • endometrial carcinoma
Libtayo	• cutaneous squamous cell carcinoma

Source: Frost & Sullivan Report

The table below summarizes the PD-L1 monoclonal antibodies and the relevant indications approved by the FDA between January 2014 and January 2020.

FDA-Approved PD-L1 mAbs (Jan 2014-Jan 2020)

Product	Approved Indications
Tecentriq	• non-squamous NSCLC • triple negative breast cancer • extensive stage small cell lung cancer (Combo with carboplatin and etoposide) • non-squamous NSCLC (Combo with bevacizumab, paclitaxel, and carboplatin) • urothelial carcinoma • NSCLC
Bavencio	• urothelial carcinoma • merkel cell carcinoma • RCC (Combo with axitinib)
Imfinzi	• NSCLC • urothelial carcinoma

Source: Frost & Sullivan Report

2.5.1.2 China

In China, as of the Latest Practicable Date, there were six approved PD-1 antibody therapies, 11 PD-1 antibodies in Phase II clinical trials or later development stage, and 89 Phase III clinical trials evaluating PD-1 antibodies in China, with NSCLC, esophageal cancer, and HCC being the three cancer indications with the most clinical trials. Please refer to the table below for details.

China's PD-1 mAbs (Approved as of LPD)

Product	Trade Name	Company	Status	Indications	NDA Date	Approval Date	Dosing Frequency	Estimated Annual Treatment Cost *(RMB)*[1]	NRDL (Year to admission up to 2020)
Nivolumab	Opdivo	BMS	Marketed	2L NSCLC	Nov-2017	Jun-2018	3mg/kg every 2 weeks	~222,000	No
Pembrolizumab	Keytruda	MSD	Marketed	melanoma/ NSCLC	Feb-2018	Jul-2018	2mg/kg every 3 weeks	~323,000	No
Toripalimab	Tuoyi (拓益)	Junshi (君實生物)	Marketed	melanoma	Mar-2018	Dec-2018	3mg/kg every 2 weeks	~101,000	No
Sintilimab	Tyvyt (達伯舒)	Innovent (信達生物)	Marketed	r/r cHL	Apr-2018	Dec-2018	200mg every 3 weeks	~102,000[2]	2019
Camrelizumab	AiRuiKa (艾瑞卡)	Hengrui (江蘇恒瑞)	Marketed	r/r cHL	Apr-2018	May-2019	200mg every 2 weeks	~119,000	No
Tislelizumab	Baizean (百澤安)	Beigene (百濟神州)	Marketed	r/r cHL	Aug-2018	Dec-2019	200mg every 3 weeks	~107,000	No

Source: Frost & Sullivan Report

Notes: 1. The estimated annual treatment cost takes into account patient assistance programs sponsored by these companies. 2. 2019 NRDL price.

China's Pipeline of Late-Stage PD-1 mAbs

Product[1]	Company	Indication[2]	Phase	Type of therapy	First posted date
GLS-010	Wuxi Biologics (藥明生物)/ Gloria Pharmaceuticals (譽衡藥業)	cHL	NDA	Mono	Feb-2020

Product[1]	Company	Indication[2]	Phase	Type of therapy	First posted date
AK-105 (penpulimab)	Akeso	Squamous NSCLC	III	Combo (with chemo)	Nov-2018
		Non-squamous NSCLC	III	Combo (with chemo/ anlotinib)	Nov-2018
		r/r cHL	II (pivotal)	Mono	Aug-2018
		NPC	II (pivotal)	Mono	Jan-2019
HLX-10	Shanghai Henlius (復宏漢霖)	NSCLC	III	Combo (with chemo)	Jan-2020
		TNBC	III	Combo (with chemo)	Dec-2019
		GC	III	Combo (with chemo)	Sept-2019
		Non-squamous NSCLC	III	Combo (with bevacizumab)	Jun-2019
		Squamous NSCLC	III	Combo (with chemo)	May-2019
		ESCC	III	Combo (with chemo)	May-2019
		SCLC	III	Combo (with chemo)	Apr-2019
cemiplimab	Sanofi	NSCLC	III	Combo (with chemo)	Nov-2019
SCT-I10A	Sinocelltech (神州細胞)	Squamous NSCLC	III	Combo (with chemo)	Jan-2020
		HNSCC	III	Combo (with chemo)	Sept-2019
CS1003	CStone (基石藥業)	HCC	III	Combo (with lenvatinib)	Dec-2019

Notes:

1. Late-stage clinical trials of marketed products are not included in this table.

2. Denotes the indications in the latest phase of trial.

Source: Frost & Sullivan Report; Company data

So far AstraZeneca's Imfinzi (durvalumab) and Roche's Tecentriq (atezolizumab) are the only two marketed PD-L1 mAbs in China. Imfinzi (durvalumab) was approved for the treatment of NSCLC by the NMPA in China in December 2019. Tecentriq (atezolizumab) was approved for the treatment of SCLC by the NMPA in China in February 2020. As of the Latest Practicable Date, the table below lays out the late-stage PD-L1 pipeline in China.

China's Pipeline of Late-Stage PD-L1 mAbs

Product[1]	Company	Indication[2]	Phase	Type of therapy	First posted date
CS1001	CStone (基石藥業)	ESCC	III	Combo (with chemo)	Dec-2019
		GC, GEJ adenocarcinoma	III	Combo (with chemo)	Jan-2019
		NSCLC	III	Combo (with chemo)	Dec-2018
KN035	Alphamab (康寧傑瑞)	biliary tract neoplasms	III	Combo (with chemo)	Apr-2018
SHR1316	Jiangsu HengRui (江蘇恒瑞)	SCLC	III	Combo (with chemo)	Nov-2018
Avelumab	Merck KGaA, Pfizer	SCCHN	III	Combo (with chemo)	Jun-2018
		NSCLC	III	Combo (with chemo)	Nov-2017
TQB2450	CTTQ (正大天晴)	SCCHN	III	Combo (with chemo)	Feb-2019
		NSCLC	III	Combo (with anlotinib)	Mar-2020
ZKAB 001	Zhaoke (兆科藥業)	osteosarcoma	III	Mono	Dec-2019

Notes:

1. Late-stage clinical trials of marketed products are not included in this table.

2. Denotes the indications in the latest phase of trial.

Source: Frost & Sullivan Report

2.5.2 CTLA-4 Monoclonal Antibody

The diagram below summarizes the global competitive landscape of CTLA-4 antibody drugs as of the Latest Practicable Date.

Global Competitive Landscape of CTLA-4 mAbs (Except for China)
Global Marketed CTLA-4 mAbs

Product	Company	Indication	FDA Approval Date
Yervoy	BMS	Mono: melanoma, Combo with Opdivo: RCC, MSI-H or dMMR metastatic CRC, previously treated HCC	Mar-2011

Source: Frost & Sullivan Report

Global Pipeline of CTLA-4 mAbs

Product	Company	Indications	Phase	Type of therapy	First posted date
CP-675 (tremelimumab)	AstraZeneca	NSCLC	III	Combo (with durvalumab)	Sep-2015
		UC	III	Combo (with durvalumab)	Aug-2015
		RCC	III	Combo (with durvalumab)	Sep-2017
		SCLC	III	Combo (with durvalumab)	Oct-2018
		HCC	III	Combo (with durvalumab)	Oct-2017
		SCHN	III	Combo (with durvalumab)	Sep-2015
AGEN-1884 (zalifrelimab)	Agenus	cervical cancer	II	Combo (with PD-1 mAb)	Mar-2019
		metastatic soft tissue sarcoma	II	Combo (with PD-1 mAb and chemo)	Jul-2019
MK-1308	MSD	NSCLC	II	Combo (with pembrolizumab)	May-2018
BMS-986249	BMS	advanced cancer	I/II	Combo (with nivolumab)	Dec-2017
HBM-4003	Harbour (和鉑醫藥)	advanced solid tumors	I	Mono	Oct-2019
ONC-392	OncoImmune	advanced solid tumors	I	Combo (with pembrolizumab)	Oct-2019

Product	Company	Indications	Phase	Type of therapy	First posted date
AGEN-1181	Agenus	advanced cancer	I	Combo (with PD-1 mAb)	Mar-2019
REGN4659	Regeneron	NSCLC	I	Combo (with cemiplimab)	Jul-2018
CS-1002	CStone (基石藥業)	advanced solid tumors	I	Combo (with PD-1 mAb)	May-2018
BCD-145	Biocad	melanoma	I	Mono	Mar-2018

Source: Frost & Sullivan Report

There are currently seven CTLA-4 mAbs drug candidates in clinical trials in China, and no marketed CTLA-4 mAbs in China. The table below lists the CTLA-4 mAbs that are currently in the pipeline in China.

China's Pipeline of CTLA-4 mAbs

Product	Company	Indications	Phase	Type of therapy	First Posted Date
BMS-734016 (ipilimumab)	BMS	undisclosed	NDA	Combo (with nivolumab)	Jan-2019
CP-675 (tremelimumab)	AstraZeneca	NSCLC	III	Combo (with durvalumab)	Apr-2018
		SCLC	III	Combo (with durvalumab)	May-2018
		HCC	II	Combo (with durvalumab)	Jun-2017
IBI-310	Innovent (信達生物)	CRC	II	Combo (with sintilimab)	Jan-2020
		melanoma	III	Combo (with sintilimab)	Feb-2020
CS1002	CStone (基石藥業)	advanced solid tumors	I	Mono	Dec-2019
HL06	Hualan Bio (華蘭生物)	melanoma	I	Mono	Sep-2019
MV049	SL Pharm (雙鷺藥業)	advanced solid tumors	I	Mono	Jul-2019
KN044	Alphamab (康寧傑瑞)	advanced solid tumors	I	Mono	Jun-2019

Source: Clinicaltrial.gov, CDE, Frost & Sullivan Report

2.5.3 Combination Therapy of PD-(L)1 and CTLA-4

The combination of Opdivo and Yervoy, the only PD-1 and CTLA-4 combination therapy received FDA approval for unresectable or metastatic melanoma, intermediate or poor risk advanced RCC and MSI-H or dMMR metastatic CRC in January 2016, April 2018 and July 2018, respectively. By the end of January 2020, three additional candidates for PD-(L)1 and CTLA-4 combination therapies were in Phase III or later for over ten different indications globally, and two drug candidates were in Phase III or later for eight indications in China. The following table sets forth the details of these combination therapies in late-clinical trial stage by the end of January 2020.

Global Pipeline of PD-1 and CTLA-4 Combination Therapies (Phase III or Later)

Product	Company	Target(s)	Indications	Phase	First posted date
Opdivo + Yervoy	BMS	PD-1+CTLA-4	glioblastoma	III	Dec-13
			ED-SCLC	III	Sep-15
			HNSCC	III	Apr-16
			GC/GEJ	III	Aug-16
			UC	III	Jan-17
			melanoma	III	Mar-17
			esophageal cancer	III	May-17
			prostate cancer	III	Mar-19
			pleural mesothelioma	III	Apr-19
			RCC	III	May-19
			NSCLC	NDA	Jan-20
			CRC	III	Jul-19
			HCC	III	Jul-19
Imfinzi + Tremelimumab	AstraZeneca	PD-L1+CTLA-4	HNSCC	III	Sep-15
			NSCLC	III	Sep-15
			RCC	III	Sep-17
			HCC	III	Oct-17
			UC	III	Aug-15
			SCLC	III	Oct-18
Keytruda + Yervoy	MSD	PD-1+CTLA-4	NSCLC	III	Oct-17
Libtayo + Yervoy	Regeneron/ Sanofi	PD-1+CTLA-4	NSCLC	III	May-18

Abbreviations: ED-SCLC = extensive disease small cell lung cancer

China's Pipeline of PD-1 and CTLA-4 Combination Therapy (Phase III or Later)

Product	Company	Target(s)	Indications	Phase	First posted date
Opdivo + Yervoy	BMS	PD-1+CTLA-4	GC/GEJ	III	May-2017
			SCLC	III	Jul-2017
			pleural mesothelioma	III	Sep-2017
			ESCC	III	Feb-2018
			RCC	III	Mar-2018
			UC	III	Jun-2018
			NSCLC	III	Apr-2017
Imfinzi + Tremelimumab	AstraZeneca	PD-L1+CTLA-4	NSCLC	III	Jan-2017
			SCLC	III	May-2018
			HCC	III	Jun-2018
			UC	III	Sep-2018

Source: Frost & Sullivan Report

2.6 Growth Drivers in the Immuno-Oncology Market Globally and in China

The field of oncology therapy is evolving towards the use of immunotherapies, including novel formats with potentially better efficacy and safety, such as bi-specific antibodies, molecularly targeted precision medicines, and combinations of the aforementioned therapies. The primary growth drivers for the immuno-oncology market globally and in China include:

Favorable Environment for Development of Biologics. With nearly a one-fourth of the world's cancer patient population, China provides an excellent opportunity to access a large patient pool and clinical resources for the development of biologics. The Chinese government has taken initiatives to address regulatory challenges that previously caused a lag in clinical trial applications of therapeutic biologics. Notably, in October 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices, which aims to improve the regulatory approval process and encourage technological innovation for new drugs. China also joined the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use in 2017, where it promised to gradually transform its pharmaceutical regulatory regime to significantly reduce clinical development costs and accelerate the market entry of products of multi-national and domestic players. In addition, in July 2018, the NMPA implemented Technical Guidelines

for Accepting Data from Overseas Clinical Trials of Drugs, which significantly shortens the registration process and provides potential clinical trial exemptions for drugs that have robust clinical data from trials conducted overseas.

Increased Efficacy with Next Generation of Therapy: Combination Therapies and Bi-specific Antibodies. The field of cancer immunotherapy is expected to advance rapidly in the coming years, moving toward more targeted approaches that use cancer immunotherapies in combination with targeted therapies. The discovery and validation of more therapeutic targets and signaling pathways, as well as the upgrading of treatment methods, are expected to provide more flexible strategies for combination therapy, making immunotherapy more comprehensive, effective and diverse, bringing patients more clinical benefit. Bi-specific antibody therapy can have many advantages in terms of effectiveness and safety, including reduced off-target toxicity, lower drug resistance, and better efficacy as compared to existing therapies. Bi-specific antibody therapy is anticipated to further address limitations of current therapies and unmet needs.

Personalized Cancer Treatment. The development of gene sequencing and the increased detection efficiency have made it possible to set precise immunotherapy based on patients' own tumor conditions. In the future, pharmaceutical company and diagnostic company will cooperate with hospitals to build a more accurate diagnostic platform, providing tumor gene sequencing, new biomarker detection, and classification diagnosis, so as to customize personalized precise treatment strategies for patients and greatly improve the survival benefit.

Improved Affordability. In China, the PD-(L)1 mAb market is also driven by improved affordability. Pricing, increasing per capita disposable income and per capita healthcare expenditure (including the increasing purchase of private insurance), and the development and expansion of China's national reimbursement system are factors that contribute to greater affordability of these relatively costly drugs and fuel market growth.

Indication Expansion. The development of immunotherapies is increasingly focused on cancer indications with a sizeable patient population or growing incidence rates. In particular, there is a trend to use PD-(L)1 as maintenance therapy to avoid recurrent or refractory cancer, which in turn contributes to greater usage for PD-(L)1 mAbs.

3. MARKET OF BIOLOGICS FOR AUTOIMMUNE DISEASES

3.1 Overview of Autoimmune Diseases

Autoimmune diseases are conditions in which the human body's immune system mistakenly attacks the body, and can be associated with either abnormally low activity or over-activity of the immune system. Autoimmune diseases can be divided into organ-specific and systemic autoimmune diseases based on the self-antigens targeted by immune cells. There

are roughly 100 different types of autoimmune disorders, which can affect almost any part of the body. Both genetic and environmental factors may contribute to the development of autoimmune diseases, which can lead to organ failure and impose a severe economic and social burden upon patients.

There are several kinds of drugs that have been developed for the treatment of autoimmune diseases. Agents targeting specific immune cells (e.g., CD22 mAbs and BTK inhibitors targeting B and T cells) or secreted mediators, such as pro-inflammatory cytokines (e.g., TNF-α, IL-1, IL-6, IL-17, IL-12 and IL-23), have potential to revolutionize the treatment of a number of autoimmune diseases. These biologics target the underlying cause of the autoimmune disease, thereby reducing the adverse side effects that can come from broadly weakening the immune system and potentially preventing irreversible damage and improving chances of remission. The top five indications that are covered by the current global pipelines are autoimmune arthritis (i.e., juvenile idiopathic arthritis and RA), inflammatory bowel disease (IBD), psoriasis, lupus (including systemic lupus erythematosus (SLE)) and type 1 diabetes.

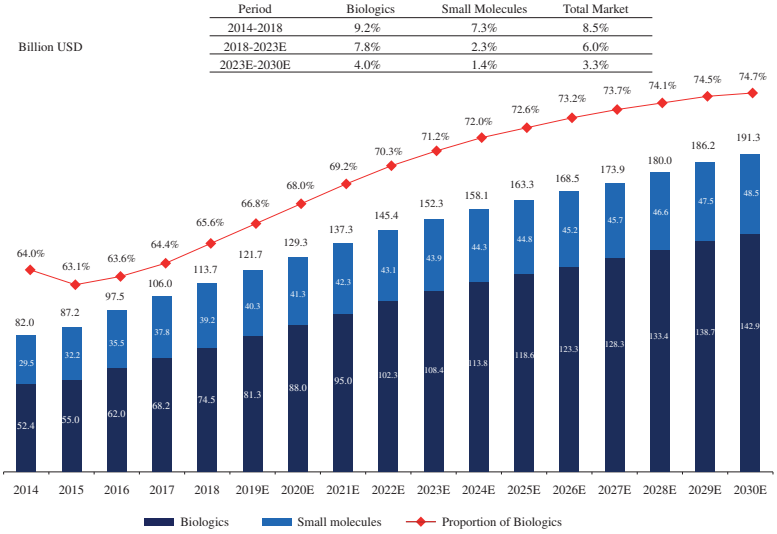
Despite substantial pain and reduced quality of life due to chronic autoimmune disorders, patients are often very sensitive to prices of therapies for such diseases, and the market is further constrained by the limited availability of effective treatment options. As a result, market penetration and treatment compliance with biologics therapies for autoimmune diseases remain very low in China. According to Frost & Sullivan, only 0.1%, 0%, 0.3% and 0.3% of patients in China with psoriasis, lupus, Crohn's disease and UC, respectively, were under treatment with monoclonal antibody therapies in 2018.

This has resulted in a huge underserved market for biologics therapies with superior efficacy, more convenient administration regimen and more affordable pricing. With CDE policy towards introducing more new generation drugs into the Chinese pharmaceutical market and providing more available treatment options to patients, we have observed many global pharmaceutical companies entering China to explore the market opportunity.

3.2 Global Market Size of Biologics for Autoimmune Diseases

U.S. biopharmaceutical companies are currently developing more than 300 medicines and vaccines for autoimmune diseases. As illustrated in the chart below, the market for biologics for autoimmune diseases is expected to reach US$191.3 billion in 2030 from US$113.7 billion in 2018. The market share of biologics in the global autoimmune disease treatment market is expected to increase from 65.6% in 2018 to 74.7% by 2030.

Global Market Size of Drugs for Autoimmune Diseases (2014-2030E)

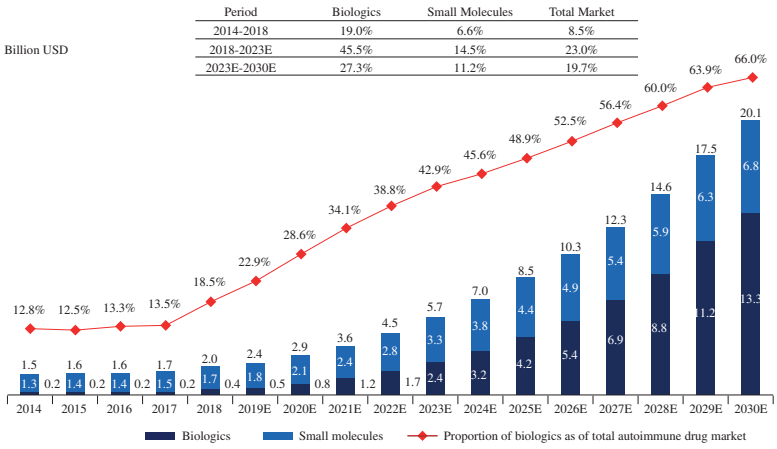


Source: Frost & Sullivan Report

3.3 China Market Size of Biologics for Autoimmune Diseases

China has a large patient pool in need of biologics for treatment of autoimmune diseases. The size of the market is expected to continue its growth at least in the next decade, which is driven by a combination of factors, including the development and improvement of diagnostics for autoimmune disease in China, favorable government programs and policies, increasing affordability, and growing public awareness of autoimmune diseases. As illustrated in the chart below, the market for autoimmune biologics is expected to reach US$13.3 billion in 2030 from US$0.4 billion in 2018. The market share of biologics within China's autoimmune diseases treatment market is expected to increase from 18.5% in 2018 to 66.0% by 2030.

China Market Size of Drugs for Autoimmune Diseases (2014-2030E)



Source: Frost & Sullivan Report

3.4 Overview of Top-selling Drugs for Autoimmune Diseases in Global and China Markets

Several types of drugs have been developed for the treatment of autoimmune diseases, with the TNF-α inhibitors accounting for four out of global top ten autoimmune therapies by revenue in 2018. The tables below show the global top ten best-selling drugs and China's top five best-selling drugs for autoimmune diseases in 2018.

Global Top Ten Best-selling Drugs for Autoimmune Diseases (2018)

No.	Trade Name	Sales in 2018 (Billion USD)	Company	FDA Approval Date	NMPA Approval Date	Target	Major Indications
1	Humira	20.5	AbbVie, Eisai	Dec-2002	Feb-2010	TNF-α	RA/PS/ AS/PsA
2	Enbrel	7.5	Amgen, Pfizer, Takeda	Nov-1998	Feb-2010	TNF-α	RA/PS/AS
3	Remicade	6.4	J&J	Aug-1998	May-2006	TNF-α	CD/RA
4	Stelara	5.2	J&J	Sep-2009	Nov-2017	IL-12/IL-23	PS/PsA/CD
5	Simponi	3.3	J&J, MSD, Mitsubishi	Apr-2009	Dec-2017	TNF-α	RA
6	Cosentyx	2.8	Novartis	Jan-2015	Mar-2019	IL-17A	plaque psoriasis
7	Orencia	2.7	BMS	Dec-2005	–	CD80/CD86	RA
8	Avonex	2.4	Biogen	May-1996	–	Interferon β-1a	Multiple Sclerosis
9	Actemra	2.2	Roche	Jan-2010	Mar-2013	IL-6R	RA
10	Tysabri	1.9	Biogen	Nov-2004	–	Integrin α-4	Multiple Sclerosis

Source: Annual report, FDA, Frost & Sullivan analysis

Top Five Best-selling Biologics for Autoimmune Diseases in China (2018)

	Yisaipu (益賽普)	Humira	Remicade	Anbainuo (安佰諾)	Qiangke (強克)
Sales (million RMB)	1,208.0	360.4	337.0	189.1	179.9
Approval Date	2005	2010	2006	2015	2011
Indications	RA/AS/PS	RA/AS/PS	RA/AS/PS/CD/UC	RA/AS/PS	AS
Estimated Annual Treatment Cost (RMB)	~64,000[1]	~34,000[1]	~48,000[1,2]	~54,000[1]	~54,000[1]
Dosage	25mg twice a week	40mg every two weeks	5 mg/kg at 0, two, and six weeks, then 5 mg/kg every eight weeks	25mg twice a week	25mg twice a week
NRDL (Year to admission up to 2020)	2017	2019	2019	2017	2017

Abbreviations: AS = ankylosing spondylitis; CD = Crohn's disease; IL = interleukin; PS = psoriasis; PsA = psoriatic arthritis; RA = rheumatoid arthritis; TNF-α = tumor necrosis factor-α; UC = ulcerative colitis

Notes: 1. Latest NRDL price. 2. The annual treatment cost is estimated based on the assumption that the weight of the patient is 60kg.

Source: NMPA, Frost & Sullivan Report

3.5 Major Indications for Autoimmune Disease Therapies

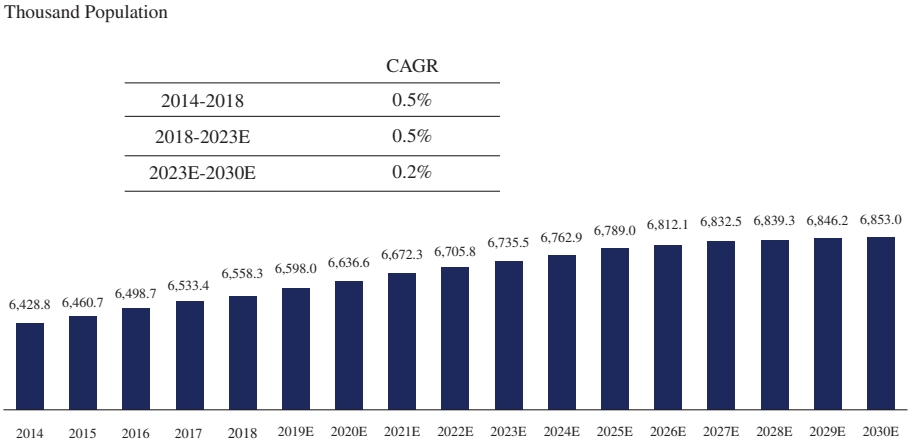
Major indications treated by autoimmune disease therapies include psoriasis, SLE, and IBD.

3.5.1 Overview of Psoriasis

Psoriasis is a common immune-mediated skin disorder characterized by increased turnover of skin cells. It causes cells to proliferate rapidly on the surface of the skin. The extra skin cells form scales and red patches that are itchy and sometimes painful. There is no cure for psoriasis, and the main goal of treatment is to stop the skin cells from growing rapidly.

The prevalence of psoriasis is relatively stable in China, and is estimated to be approximately 0.5% of the total population. The number of people with psoriasis in China is expected to grow in correlation to the increasing population of China. Unfortunately, market penetration and treatment compliance with biologics therapies for psoriasis remain very low in China. The chart below shows the prevalence of psoriasis in China.

Psoriasis Patient Population in China (2014-2030E)

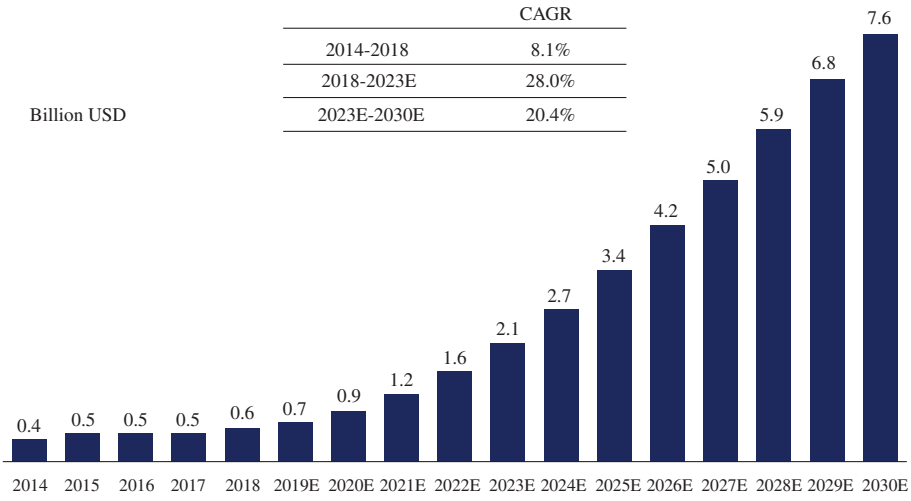


Source: Literature review, Frost & Sullivan analysis

3.5.2 Market Size of Psoriasis Therapeutics

As illustrated in the chart below, China's psoriasis therapeutics market reached US$0.6 billion in 2018, and is expected to grow to US$7.6 billion in 2030.

China Market Size of Psoriasis Therapeutics (2014-2030E)



Source: Frost & Sullivan Report

3.5.3 Competitive Landscape for Biologics Treatment of Psoriasis in China

Biologics for the treatment of psoriasis mainly include the monoclonal antibodies against first-generation autoimmune disease target TNF-α, and monoclonal antibodies against second-generation autoimmune disease target IL factors, including IL-12/IL-23 and IL-17. Compared to TNF-α inhibitors, biologics against IL factors generally achieved a significantly improved PASI 75/90/100 response rate and showed a superior safety profile in patients with moderate to severe plaque psoriasis. As of January 2020, there were ten biologics approved by the NMPA for treatment of psoriasis with 12 more in the pipeline. The tables below set forth the details of these biologics as of January 2020.

Marketed Biologics for Psoriasis Treatment in China

Target	Product	Trade Name	Company	NMPA Approval Date	Estimated Annual Treatment Cost	Dosing Frequency	NRDL (Year to admission up to 2020)
					(RMB)		
TNF-α	Adalimumab	Humira	AbbVie	Feb-2010	~34,000	40mg every two weeks	2019
	Adalimumab biosimilar	Geleli (格樂立)	Bio-Thera Solutions (百奧泰生物)	Nov-2019	~30,000	40 mg every two weeks	2019
	Adalimumab biosimilar	Anjianning (安健寧)	Hisun (海正藥業)	Dec-2019	~30,000	40mg every two weeks	2019
	Infliximab	Remicade	J&J	May-2006	~48,000[1]	5 mg/kg at 0, 2, and 6 weeks, then 5 mg/kg every eight weeks	2019
	Recombinant Human TNF-α Receptor II	Yisaipu (益賽普)	3S Bio (三生國健)	Jun-2005	~64,000	25mg twice a week	2017
	Recombinant Human TNF-α Receptor II	Anbainuo (安佰諾)	Hisun (海正藥業)	Apr-2015	~54,000	25mg twice a week	2017
IL-12/IL-23	Ustekinumab	Stelara	J&J	Nov-2017	~242,000 (~120,000 after PAP)[2]	45 mg initially and 4 weeks later followed by 45 mg every 12 weeks	No
IL-17	Secukinumab	Cosentyx	Novartis	Apr-2019	~108,000	300 mg at Weeks 0, 1, 2, 3, and 4 followed by 300 mg every 4 weeks	No
	Ixekizumab	Taltz	Eli Lilly	Sep-2019	~113,000	160 mg at Week 0, followed by 80 mg at Weeks 2, 4, 6, 8, 10, and 12, then 80 mg every 4 weeks	No
IL-23	Guselkumab	Tremfya	J&J	Dec-2019	~224,000	100mg at Week 0, 4 and every 8 weeks thereafter	No

Notes: 1. Annual treatment cost is estimated based on the assumption that the weight of the patient is 60kg. 2. The estimated annual treatment cost of Stelara (ustekinumab) has taken into the patient assistance program sponsored by J&J.

China's Pipeline of Clinical-stage Biologics for Psoriasis Treatment

Target	Product[1]	Company	Phase	Date[2]
TNF-α	HLX03	Henlius Biotech (復宏漢霖)	NDA	Jan-2019
	Qiangke (強克)	Celgen Biopharma (賽金生物)	III	Jan-2015
	HS626	Zhejiang Hisun (海正藥業)	III	Apr-2018
	DB101	Dongbao Pharmaceutical (東寶藥業)	III	Feb-2019
	SCT630	Sinocelltech (神州細胞)	III	Jun-2019
IL-17	SHR-1314	Hengrui (江蘇恒瑞)	I/II	Oct-2019
	GR1501	Genrix Bio (智翔醫藥)	I	Jul-2018
	AK111	Akeso Group	I	Aug-2018[3]
	608	3S Bio (三生國健)	I	Sep-2019
	JS005	Junshi (君實藥業)	I	Dec-2019
IL-12/IL-23	AK101	Akeso Group	IIb	Nov-2019
CD6	itolizumab	Biotech Pharmaceutical (百泰生物)	I	Apr-2015

Notes: 1. Only biologics that have entered clinical Phase I as of the Latest Practicable Date are listed, and the bioequivalence study of biosimilars are excluded; 2. Denotes the date on which the relevant status was publicly disclosed. 3. Denotes the date of clinical trial in New Zealand was publicly disclosed.

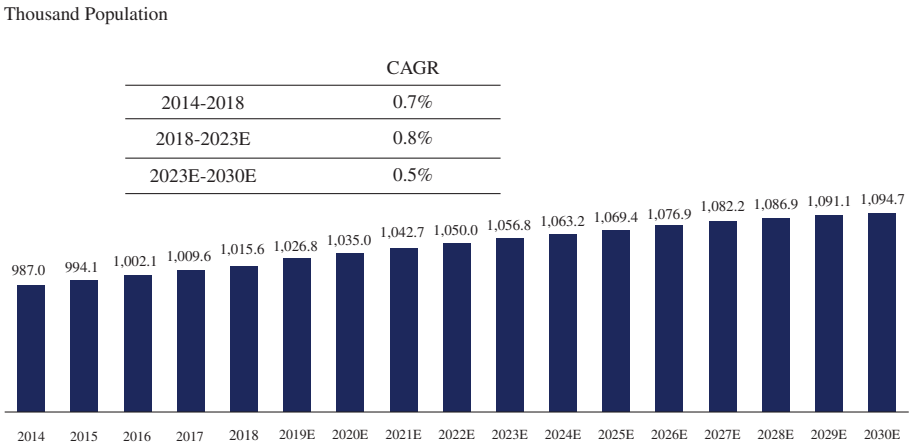
Sources: NMPA, Frost & Sullivan analysis

3.5.4 Overview of SLE

SLE is a chronic inflammatory condition caused by an autoimmune disease. Patients with SLE have unusual antibodies in their blood, known as auto-antibodies, that target their own body tissues. This is a multisystem autoimmune disease that can potentially lead to serious organ complications and even death. Common symptoms of SLE include painful and swollen joints, fever, chest pain, hair loss, mouth ulcers, swollen lymph nodes, fatigue and red rashes. The cause of SLE is still not clear, but it is thought to involve genetics and environmental factors.

An epidemiological survey in 1985 showed that the prevalence of SLE was 70 out of every 100,000 people, and 113 out of every 100,000 women. Due to increases in population and diagnostic rates, the number of SLE patients is gradually increasing. From 2014 to 2018, the SLE patient population increased from 987,000 to 1.0 million in China, representing a CAGR of 0.7%, and it is forecasted to reach 1.02 million by 2023. Unfortunately, market penetration and treatment compliance with biologics therapies for lupus remain very low in China. The chart below shows the historical and estimated patient population of SLE in China.

SLE Patient Population in China (2014-2030E)

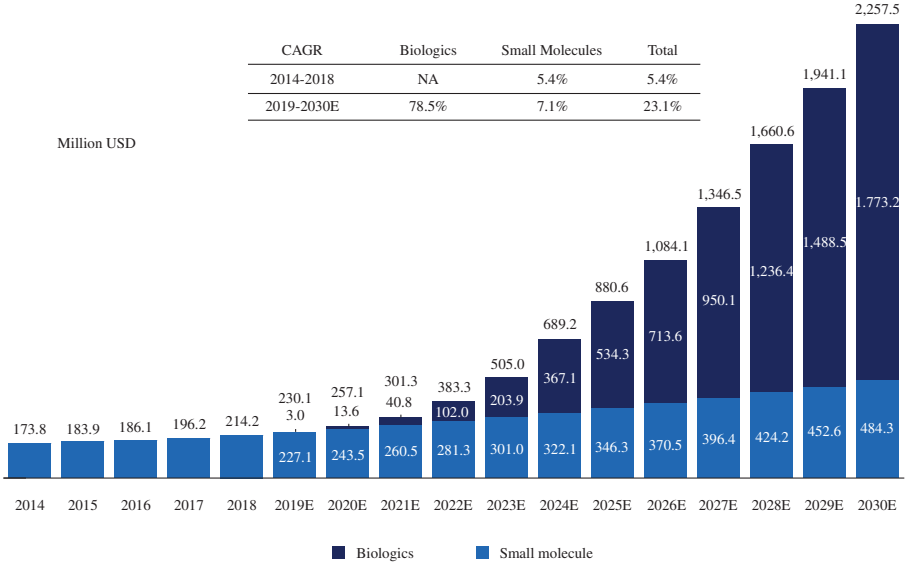


Source: Frost & Sullivan Report

3.5.5 Market Size of SLE Therapeutics

The China SLE therapeutics market has historically been small. The overall market reached US$214.2 million in 2018, mostly attributable to revenue from small molecules. The biologics market for SLE treatment in China is expected to generate revenues starting in 2019 due to the expected launch of belimumab. This market is expected to increase from US$3.0 million in 2019 to US$1.8 billion in 2030, representing a CAGR of 78.5%.

China Market Size of SLE Therapeutics (2014-2030E)



Source: Frost & Sullivan Report

3.5.6 Competitive Landscape for Biologics Treatment of SLE in China

In China, there is currently one marketed biologic drug for the treatment of SLE, and two in clinical development. The tables below sets forth the details of these biologics.

Marketed mAb for SLE Treatment in China

Target	Product	Company	Trade Name	NMPA Approval Date	Expected Annual Treatment Cost	Dosing Frequency	NRDL
					(RMB)		
BLyS	Belimumab	GSK	Benlysta	Jul-2019	~158,000[1]	10 mg/kg at 2-week intervals for the first 3 doses and at 4-week intervals thereafter	No

Source: Frost & Sullivan Report

China's Pipeline of Clinical-stage mAbs for SLE Treatment

Target	Product[2]	Company	Phase	Date[3]
BLyS/APRIL	RC-18[4]	RemeGen (榮昌生物)	NDA	Nov-2019
IL-12/IL-23	ustekinumab	J&J	III	Oct-2019

Abbreviations: BAFF = B-cell activating factor; BLyS = B lymphocyte stimulator; CD22 = cluster of differentiation 22

Notes: 1. Annual treatment cost is estimated based on the assumption that the weight of the patient is 60kg. 2. Only biologics (excluding biosimilars) that have entered clinical Phase III as of the Latest Practicable Date are listed. 3. Denotes the date on which the relevant status was publicly disclosed. 4. Fusion protein (mAbs-like drug).

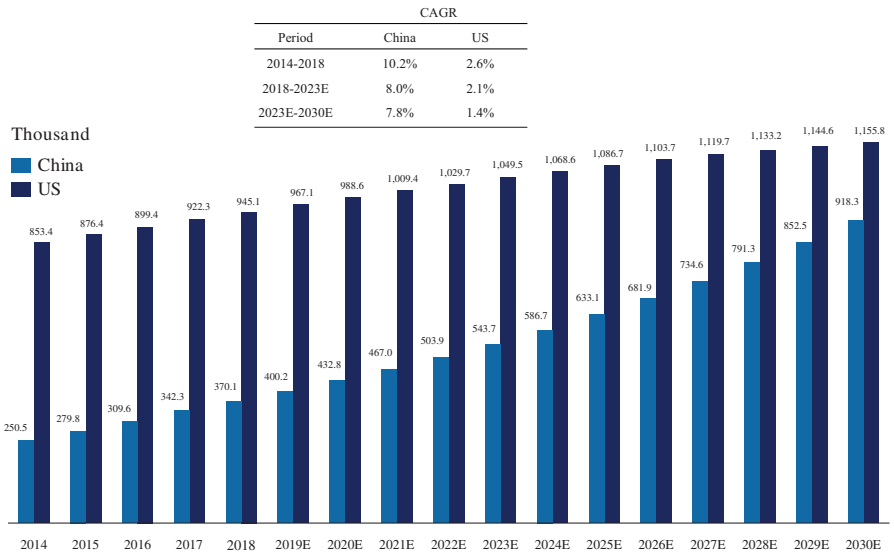
Source: Frost & Sullivan Report

3.5.7 Overview of IBD

IBD is a term that comprises the two conditions of Crohn's disease (CD) and ulcerative colitis (UC) that are characterized by chronic inflammation of the gastrointestinal (GI) tract. CD is a debilitating and incurable chronic IBD, characterized by mucosal ulceration and inflammation, which may occur anywhere along the GI tract but most commonly affect the distal small intestine. The exact causes of CD are unknown. UC is an immune-mediated disorder characterized by chronic mucosal inflammation of the colon and alternating periods of active disease and remission. While the exact causes of UC also remain unknown, immune system malfunction is a possible cause. Treatment of IBD with biologics involves neutralizing a protein produced by the immune system.

Unfortunately, market penetration and treatment compliance with biologics therapies for IBD remain very low in China. According to Frost & Sullivan, the UC patient population in China was approximately 370,100 in 2018 and is expected to grow to approximately 918,300 by 2030. Only 0.3% of UC patients in China were under treatment with monoclonal antibody therapies in 2018. The UC patient population in the U.S. was approximately 945,100 in 2018 and is expected to grow to approximately 1.2 million by 2030.

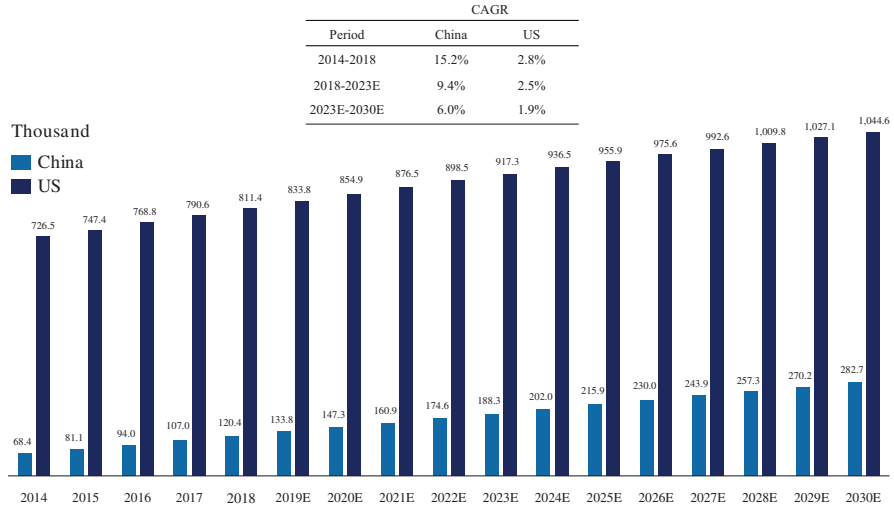
UC Patient Population in China and the U.S. (2014-2030E)



Source: Frost & Sullivan Report

According to Frost & Sullivan, the CD patient population in China was approximately 120,400 in 2018 and is expected to grow to approximately 282,700 by 2030. The CD patient population in the U.S. was approximately 811,400 in 2018 and is expected to grow to approximately 1.0 million by 2030.

CD Patient Population in China and the U.S., 2014-2030E

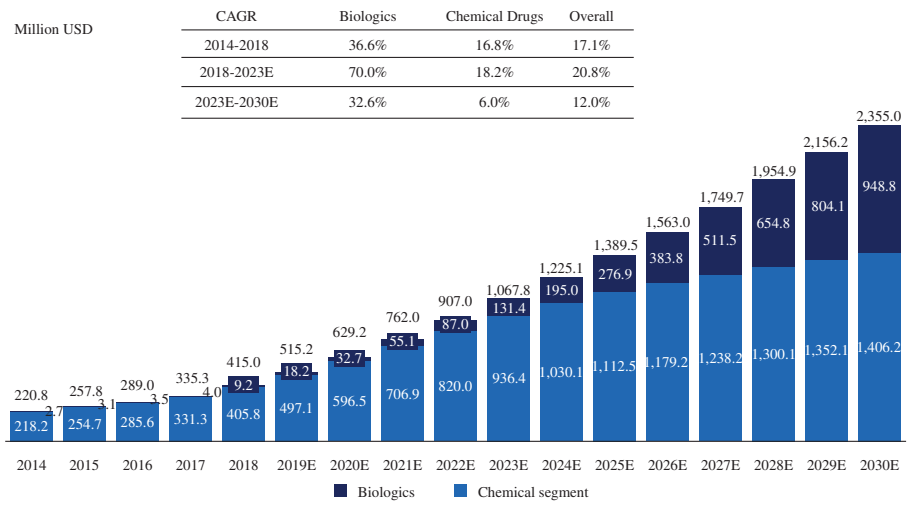


Source: Frost & Sullivan Report

3.5.8 Market Size of IBD Therapeutics

There is currently one marketed targeted biologic drug for treatment of UC in China, which is Remicade (infliximab) by J&J approved by the NMPA in 2019. Infliximab and AbbVie's Humira (adalimumab) are the only two marketed targeted biologic drugs for the treatment of CD, which were approved by the NMPA in 2018 and 2020 for CD, respectively. China's UC therapeutics market reached US$415.0 million in 2018, and is expected to grow to US$2.4 billion in 2030, in which biologics will take an increasingly large market share as illustrated below.

China Market Size of UC Therapeutics (2014-2030E)



Source: Frost & Sullivan Report

3.5.9 Competitive Landscape for Biologics Treatment of IBD in China

In China, there are currently two marketed biologic drugs for UC and three for CD, and two biologics in the pipeline in China for treatment of UC and one for the treatment of CD, as illustrated by the table below.

Marketed mAb for UC Treatment in China

Target	Product	Company	Trade Name	NMPA Approval Date	Estimated Annual Treatment Cost *(RMB)*	Dosing Frequency	NRDL
TNF-α	Infliximab	J&J	Remicade	2019[1]	~48,000[2]	5 mg/kg at 0, 2, and 6 weeks, then 5 mg/kg every eight weeks	2019
ITGA4, ITGB7	Vedolizumab	Takeda	Entyvio	2020[1]	NA[5]	300mg at 0, 2 and 6 weeks, then every eight weeks	No

China's Pipeline of Clinical-stage mAbs for UC Treatment

Target	Product[3]	Company	Phase	Date[4]
IL-23	Risankizumab	AbbVie	III	Mar-2020
IL-23	LY3074828	Eli Lilly	III	Jan-2020

Marketed mAb for CD treatment in China

Target	Product	Company	Trade Name	NMPA Approval Date[1]	Estimated Annual Treatment Cost (RMB)[2]	Dosing Frequency	NRDL
TNF-α	Infliximab	J&J	Remicade	2018	~48,000[3]	5 mg/kg at 0, 2, and 6 weeks, then 5 mg/kg every eight weeks	2019
TNF-α	Adalimumab	AbbVie	Humira	2020	~40,000	Day 1:160mg; Day 15:80mg; then 40mg every other week	2019
ITGA4, ITGB7	Vedolizumab	Takeda	Entyvio	2020	NA[5]	300mg at 0, 2 and 6 weeks, then every eight weeks	No

China's Pipeline of Clinical-stage mAbs for CD Treatment

Target	Product[3]	Company	Phase	Date[4]
IL-23	Risankizumab	AbbVie	III	Nov-2019

Notes: 1. Approval date for indication. Infliximab was approved by the FDA for treatment of UC in 1998. 2. 2019 NDRL price. Annual treatment cost is estimated based on the assumption that the weight of the patient is 60kg. 3. Only mAbs (biosimilar excluded) that have entered Phase III clinical trial as of the Latest Practicable Date are listed. 4. Denotes the latest date on which the clinical trial was publicly disclosed. 5. Not launched yet.

Source: Frost & Sullivan Report

4. PCSK9 INHIBITOR MARKET IN CHINA

4.1 Overview of PCSK9 Inhibitors

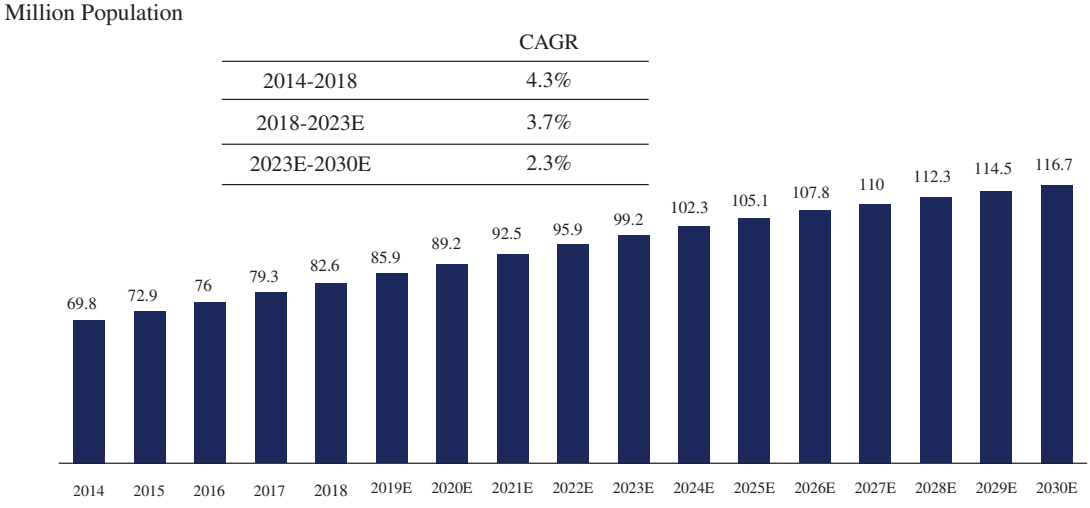
When PCSK9 binds to low-density lipoprotein receptors (LDL-R) at the surface of hepatocytes, it can prevent LDL-R recycling and increase degradation in lysosomes. By blocking PCSK9 from binding, PCSK9 inhibitors increase hepatic expression of LDL receptors, which enhances LDL cholesterol clearance from plasma. Therefore, PCSK9 inhibitors can lower levels of LDL cholesterol and can affect other lipid fractions in patients at risk for cardiovascular disease.

PCSK9 inhibitors offer several advantages. First, PCSK9 inhibitors could lower LDL cholesterol levels significantly, potentially offering better effectiveness than statins and providing an alternative for patients who experience statin intolerance during treatment. Second, by inhibiting the PCSK9 enzyme, PCSK9 inhibitors may further reduce LDL cholesterol, potentially reducing cerebrovascular and cardiovascular disease risk as well. In this way, PCSK9 inhibitors may be used to both treat and prevent cardiovascular disease. Finally, PCSK9 inhibitors represent a lower risk of liver and kidney toxicity, because PCSK9 inhibitors are a kind of fully human monoclonal antibody that is able to modulate receptor functions while minimizing immunogenicity.

4.2 Overview of PCSK9 Inhibitor Market in China

One of the major targeted indications of PCSK9 inhibitors is hypercholesterolemia. The addressable market for PCSK9 inhibitors in China is calculated based on the number of hypercholesterolemia patients who are intolerant to statin drugs. The prevalence of hypercholesterolemia in China grew from 69.8 million in 2014 to 82.6 million in 2018 and is expected to grow to 116.7 million in 2030. The chart below illustrates the historical and projected prevalence of hypercholesterolemia in China.

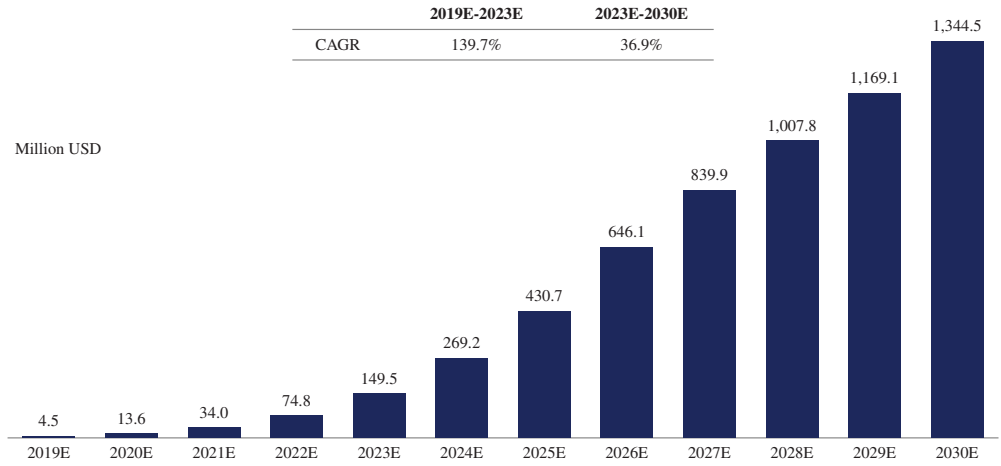
Hypercholesterolemia Patient Population in China (2014-2030E)



Source: NCCD, Frost & Sullivan Report

China's PCSK9 market is expected to grow to US$149.5 million in 2023, representing a CAGR of 139.7% from 2019 to 2023, and further increase to US$1.3 billion in 2030, representing a CAGR of 36.9% from 2023 to 2030, as shown in the chart below.

China Market Size of PCSK9 Inhibitors (2019E-2030E)



Source: Frost & Sullivan Report

4.3 Competitive Landscape of PCSK9 Inhibitors in China

Currently, Amgen's Repatha (evolocumab) and Sanofi-Aventis's Praluent (alirocumab) are the only two PCSK9 inhibitors marketed in China, launched in late 2018 and 2019, respectively. Evolocumab has already received FDA approval for use in connection with the prevention of cardiovascular events, primary hyperlipidemia and homozygous familial hypercholesterolemia. In addition, there are several other PCSK9 inhibitors in the pipeline, including Akeso's Group's ebronucimab (AK102), as illustrated by the chart below.

Approved and Pipeline PCSK9 Inhibitors in China

Category	Product	Company	Indication	Phase	Date[1]
Biologics	Evolocumab	Amgen	Prevention of cardiovascular events, primary hypercholesterolemia (including HeFH), HoFH	Marketed	Jul-2018
	Alirocumab	Sanofi-Aventis	Prevention of cardiovascular events, primary hypercholesterolemia (including HeFH)	Marketed	Dec-2019
	IBI306	Innovent (信達生物)	HeFH, hypercholesterolemia	II/III	Dec-2019
	JS002	Junshi (君實生物)	Hypercholesterolemia, HoFH	II	Jan-2019
	AK-102	Akeso Group	HoFH, HeFH, hypercholesterolemia	II	Mar-2019
	SHR-1209	Hengrui (江蘇恒瑞)	Hypercholesterolemia	II	May-2019
	SAL003	Salubris (信立泰)	Hypercholesterolemia	I	Feb-2020
Small molecule	CVI-LM001	CVI Pharmaceuticals (西威埃醫藥)	Hyperlipidemia	I	Dec-2017

Abbreviations: HoFH = Homozygous Familial Hypercholesterolemia
Note: 1. Denotes the first publicly disclosed date of trials in current phase.
Source: Frost & Sullivan Report

5. REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the therapeutic biologics market in China and the United States. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. The contract sum to Frost & Sullivan is HKD705,882 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the biologics market for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

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, the Sino-foreign Equity Joint Venture Enterprise Law (中華人民共和國中外合資經營企業法), promulgated on July 1, 1979 and most recently amended on September 3, 2016, 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. On January 1, 2020, the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises was terminated and replaced by the Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法).

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 came 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 individuals, 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 granted 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 came into effect, the FIL replaced the Foreign-Owned Enterprise Law and the Sino-foreign Equity Joint Venture 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) (2018 Version) (外商投資准入特別管理措施(負面清單)(2018年版)) 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 for Encouraging Foreign Investment (2019 Version) (the "**2019 Catalogue**"), and the

Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019 Version) (the "**2019 Negative List**"), which were issued on June 30, 2019 and effective from July 30, 2019, further reduced restrictions on the foreign investment and replaced the Catalogue for the Guidance of Foreign Investment Industries (2017 Revision) and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2018 Version).

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) (the "**M&A Rules**"), jointly promulgated by the MOFCOM, the SASAC, the SAT, the SAIC, the CSRC, 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 affiliated with 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.

Laws and regulations of the PRC in relation to Drugs

Drug Regulatory Regime

We operate our business in China through Akeso Biopharma and its PRC subsidiaries 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 NHC. The predecessors of the NMPA and the 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, a newly established institution for supervising and administrating the market in China.

The NMPA has set up the Center for Drug Evaluation (the "**CDE**") and other institutions. According to the Decision of the CFDA on Adjusting the Approval Procedures under the Administrative Approval Items for Certain Drugs (國家食品藥品監督管理總局關於調整部分藥品行政審批事項審批程序的決定) issued by the NMPA on March 17, 2017 and effective as from May 1, 2017, the approval for the IND, should be issued by the CDE in the name of the NMPA.

In addition, according to the Administration of Quality of Drug Clinical Practice (the "**GCP Administration**") (藥物臨床試驗質量管理規範) 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 (關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見) 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 NPCSC 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 serves to provide detailed implementation regulation for the PRC Drug Administration Law.

The 12th session of the standing committee of the 13th NPC approved the amendment to the Drug Administration Law on August 26, 2019. The revised Drug Administration Law (the "**Revised Drug Administration Law**") took effect on December 1, 2019 and brought a series of good changes to the drug supervision and administration system, including but not limited to making it clear what kind of drugs shall be encouraged, changing the clinical trial approval to implied license and prescribing a preferential examination and approval system for certain drugs. According to the Revised Drug Administration Law, drugs refer to articles which are used in the prevention, treatment and diagnosis of human diseases and intended for the regulation of the physiological functions of human beings, for which indications or functions, usage and dosage are specified, including traditional Chinese drugs, chemical drugs and biological products.

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 the 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) (the "**Reform Opinion**"), 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), 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-off umbrella approval, and the declaration review or 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.

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 (抗腫瘤藥物臨床試驗技術指導原則) 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), 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) (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

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (國際多中心藥物臨床試驗指南(試行)) (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 drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and Administrative Measures for Drug Registration and other related laws and regulations.

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 (the "**GCP**") of International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (the "**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 pivotal clinical trials, contact the CDE to ensure the compliance of pivotal clinical trials' 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.

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 aboard; (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

The Reform Opinions provides a pilot plan for the marketing authorization holder system (the "**MAH system**").

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) (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 Pilot 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 NPCSC on October 26, 2018, extended the term of the MAH system to November 4, 2019.

The PRC Drug Administration Law was revised by the NPCSC on August 26, 2019 and came 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. On May 23, 2019, the General Office of the State Council issued the Main Tasks of Healthcare System Reform in 2019 (深化醫藥衛生體制改革2019年重點工作任務), highlighting the following policies and regulations (1) reinforcing the degree of cancer prevention and treatment, accelerating the registration and approval of anti-cancer new drugs at home and abroad and remaining the temporary channel of imperative anti-cancer drugs importation open, (2) consolidating and improving the basic medicine system and establishing an inventive and restrictive mechanism for preferential use. Improving the dynamic adjusting mechanism of the NRDL and incorporating the eligible therapeutic drugs listing in the National Essential Drug List into the NRDL first in accordance with the procedure.

Pursuant to the Notice of the Ministry of Human Resources and Social Security on Issuing the National Drug Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance ("2017 Edition") (關於印發國家基本醫療保險、工傷保險和生育保險藥品目錄(2017年版)的通知), the competent social insurance departments of the provinces (autonomous regions and municipalities directly under the Central Government) shall make adjustments to the drugs of Class B in strict accordance with the current laws, regulations, and documents. The quantity adjusted by each province (autonomous region or municipality directly under the Central Government) (including those drugs to be included in or removed from the NRDL and those within the scope of limited payment) shall not exceed 15% of the quantity of national drugs of Class B.

According to the Notice of the National Healthcare Security Administration and Ministry of Human Resources and Social Security on Issuing the National Drug Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (關於印發國家基本醫療保險、工傷保險和生育保險藥品目錄的通知), which came into effect on January 1, 2020 (the "Notice"), all places shall implement the NRDL in a strict manner, and shall not have the discretion to formulate the catalogue or increase the drugs of Class B in any form, or adjust the scope of limited payment. For those drugs that were already added to Class B of the provincial catalogue in accordance with the 2017 Edition, the drugs shall be gradually removed within 3 years. Priority shall be given to adjusting the scope of payment for the drugs that were listed in the First Batch of National Key Monitored Drugs for Rational Use (chemical and biological products) (第一批國家重點監控合理用藥藥品目錄(化藥及生物製品)), which was issued and implemented on June 11, 2019.

Pursuant to the Notice Regarding the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (城鎮職工基本醫療保險用藥範圍管理暫行辦法), jointly issued by several authorities including the Ministry of Labor and Social Security and the Ministry of Finance on May 12, 1999, among others, the NRDL shall be adjusted every two years in principle, and the provincial reimbursement drug list ("PRDL") shall be adjusted accordingly. The NRDL is permitted to be expanded to include new drugs once per year, while provincial governments are not entitled to expand their PRDLs on their own. The 5th NRDL was published in August 2019 to remove 150 drugs and add 148 drugs. Consideration was given to the scope of reimbursement and the ratio of traditional Chinese medicine to western medicine to meet current medical demands. The 5th NRDL was then adjusted in the negotiation that occurred in November 2019 to add 70 drugs with an average price cut of 60.7%, which mainly consist of oncology, chronic disease, and rare disease drugs. Moreover, the contracts of 27 existing drugs were successfully extended with an average price cut of 26.4%.

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) (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)) (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) (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 National Reimbursement Drug List (the "**NRDL**"), sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. The Ministry of Human Resources and Social Security (the "**MOHRSS**") (According to the above institutional reform, the functions with respect to change the NRDL have been transferred to the PRC National Healthcare Security Administration), 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. The 5th NRDL was promulgated in August 2019 to remove 150 drugs and add 148 new drugs, and was adjusted in November 2019 to add 70 drugs.

According to the Medical Insurance Coverage Notice, the Provincial Reimbursement Drug List (the "**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, the NMPA, the 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議), 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議) and the Patent Cooperation Treaty (專利合作協議).

Patents

According to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the NPCSC 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 NPCSC 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 NPCSC on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and 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 (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 NPCSC 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 NPCSC 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

Construction Project Environment 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 NPCSC 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 NPCSC 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.

Water Pollution and Pollutant Discharge

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 NPCSC 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 NPCSC 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 NPCSC 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 NPCSC 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.

Enterprises that engage in the activities of industry, construction, catering, and medical treatment, etc. that discharges sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for collecting the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (城鎮排水與污水處理條例), which was promulgated on October 2, 2013 and came into force on January 1,2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (城鎮污水排入排水管網許可管理辦法), which was promulgated on January 22, 2015 and came into force on March 1, 2015. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

Hazardous Chemicals

Regulation on Safety Administration of Hazardous Chemicals (危險化學品條例) (the "**Hazardous Chemicals Regulation**") was promulgated by the State Council on January 26, 2002 and amended on March 2, 2011 and December 7, 2013. The Hazardous Chemicals Regulation provides regulatory requirements on the safe production, storage, use, operation and transportation of hazardous chemicals. The PRC government exerts strict control over, and adopts an examination and approval system of, the manufacture and storage of hazardous chemicals.

An enterprise that stores and uses hazardous chemicals is required to appoint a qualified institution to conduct safety evaluation of its safety production conditions once every three years and to prepare the safety evaluation report accordingly. Such report shall set out the rectification measures and plans for problem solution as to the safety production. The safety evaluation report and the implementation of the rectification measure shall be filed with the safety supervision regulatory authority.

According to the Administrative Regulations on Precursor Chemicals (易製毒化學品管理條例), effected on November 1, 2005 and amended on July 29, 2014 and February 6, 2016 and September 18, 2018, the state applies the classified administration and licensing system to the production, distribution, purchase, transportation and import and export of precursor chemicals. An entity that is to purchase any precursor chemical in Category II or III shall, prior to the purchase, report the type and quantity in demand for record, with the public security authority of the local people's government at the county level.

Fire Prevention

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the "**Fire Prevention Law**") was adopted on April 29, 1998, amended on October 28, 2008 and April 23, 2019. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the emergency management authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire and rescue department of such a people's government is responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards.

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) (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) 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 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), 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 Mach 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 on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore 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) (the "**SAFE Circular 37**"), on July 4, 2014. The SAFE 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 SAFE Circular 37.

According to the Measures for the Administration of Overseas Investment (境外投資管理辦法) promulgated by the MOFCOM on September 6, 2014 which became effective on October 6, 2014, overseas investment means the enterprises legally incorporated in the PRC which own the non-financial enterprises or obtain the ownership, control, operation management rights and other interests of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. MOFCOM and the provincial commercial administration authorities are responsible for the management and supervision of the overseas investments. MOFCOM and the provincial commercial administration authorities will implement filing administration and approval respectively according to the different types of overseas investments.

According to the Administrative Measures for Overseas Investment by Enterprises (企業境外投資管理辦法) promulgated by the National Development and Reform Commission on December 26, 2017, which became effective on March 1, 2018, overseas investment means any investment activity in which a domestic enterprise of the PRC obtains overseas ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by way of contributing asset, interest or providing financing and guarantee. To conduct overseas investment, certain procedures (such as approval and record-filing of overseas investment project) shall be complied with according to the relevant circumstances of the overseas investment project.

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 NPCSC 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 NPCSC 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), 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 SAFE 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, and amended on April 23, 2019, 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) (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 (關於執行税收協議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議中"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.

OVERVIEW

Our Company was incorporated in the Cayman Islands on January 30, 2019 and is the holding company of our Group. Our Group's history can be traced back to March 2012 when our principal operating entity Akeso Biopharma was founded by Dr. XIA, our visionary key founder, ultimate controlling shareholder, chairwoman of the Board and an executive Director, together with other co-founders through Akeso HK. "Akeso" means "the Greek goddess of healing and curing" reflecting Dr. XIA's and other co-founders' aspiration and devotion to provide affordable first-in-class and best-in-class therapies for patients worldwide through Akeso. Under Dr. XIA's leadership, our Group has developed into one of China's leading biopharmaceutical companies and established one of the richest and most diversified innovative antibody drug pipelines in China consisting of over 20 drug development programs. For Dr. XIA's biography, please refer to section headed "Director and Senior Management – Executive Directors" in this prospectus.

OUR BUSINESS AND CORPORATE DEVELOPMENT MILESTONES

The following table illustrates the key milestones of our business development since our inception:

March 2012	•	Akeso Biopharma (中山康方生物醫藥有限公司), our principal operating entity, was established in Zhongshan, China
April 2012	•	We initiated the development of innovative ACE Platform and "TETRABODY" technology
November 2015	•	We out-licensed AK107 (CTLA-4) to Merck (code name in Merck is MK1308)
October 2017	•	We initiated a Phase I clinical trial (with chemotherapy) for AK104 (PD-1/CTLA-4) for the treatment of solid tumors in Australia
December 2017	•	We initiated a Phase I clinical trial for penpulimab (AK105) (PD-1) in Australia
January 2018	•	We initiated a Phase I clinical trial for AK101 (IL-12/IL-23) in China
March and April 2018	•	We obtained the IND approval for penpulimab (AK105) with respect to cervical cancer and solid tumors from the FDA in the United States
May 2018	•	We initiated a Phase I clinical trial of ebronucimab (AK102) (PCSK9) in China
January 2019	•	The Company was incorporated in the Cayman Islands as an exempted company with limited liability

March 2019	• We obtained the IND approval for AK104 from the FDA to begin a Phase Ib/II clinical trial in the United States
June 2019	• We formed Sino Biopharm Collaboration to co-develop and co-commercialize penpulimab (AK105) • We obtained the IND approval for a clinical trial of AK112 (PD-1/VEGF) in the United States
August 2019	• We established CTTQ-Akeso

OUR MAJOR SUBSIDIARIES

We set forth below certain information on our major subsidiaries[(1)] that made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date.

No.	Name and Establishment Date/ Date of commencement of business	Place of Establishment	Ownership as of the Latest Practicable Date	Principal activities	Registered capital
					(approximately)
1.	Akeso Biopharma (中山康方生物醫藥有限公司) *(established on March 19, 2012)*	PRC	100%	Product research and development, technology transfer and consulting services business	RMB1,333.2 million
2.	Akeso Pharma (康方藥業有限公司) *(established on August 10, 2017)*	PRC	95%[(2)]	Pharmaceuticals manufacturing business	RMB100 million
3.	AD Pharma (康融東方(廣東)醫藥有限公司) *(established on February 22, 2017)*	PRC	65%[(3)]	Pharmaceuticals manufacturing business	RMB143.8 million
4.	Akeso Tiancheng (康方天成(廣東)製藥有限公司) *(established on May 16, 2016)*	PRC	100%	Product research and development, technology transfer and consulting services business	RMB20 million
5.	CTTQ-Akeso (正大天晴康方(上海)生物醫藥科技有限公司) *(established on August 30, 2019)*	PRC	50%[(4)]	Product research and development, technology transfer, and consulting services of biopharmaceuticals (except biological agents)	RMB689.5 million

Notes:

(1) As of the Latest Practicable Date, we have 14 subsidiaries in total. For details of all our subsidiaries, please refer to "II. Notes to the Historical Financial Information – 1. Corporate Information" in the Accountants' Report as set out in Appendix I to this prospectus.

(2) Guangzhou Hi-tech Investment Group Co., Ltd* (廣州高新區投資集團有限公司) ("**Guangzhou Hi-tech Investment**"), an Independent Third Party, held 5% equity interest in Akeso Pharma as of the Latest Practicable Date. On July 23, 2019, Akeso Pharma borrowed a convertible loan amounted to RMB75.0 million from Guangzhou Hi-tech Investment. For details of the convertible loan, please see the section headed "Financial Information – Indebtedness – Interest-Bearing Bank and Other Borrowings" in this prospectus and Note 22 to the Accountants' Report set out in Appendix I to this prospectus.

(3) Dawnrays Biotechnology Capital (Asia) Ltd* (東瑞生物投資發展(亞洲)有限公司), an Independent Third Party, held 35% equity interest in AD Pharma as of the Latest Practicable Date.

(4) CTTQ Pharmaceutical Group Co., Ltd.* (正大天晴藥業集團股份有限公司), an Independent Third Party, held 50% equity interest in CTTQ-Akeso as of the Latest Practicable Date. CTTQ-Akeso is consolidated as our subsidiary. For details for the consolidation, please see Notes 1 and 3 of the Accountants' Report set out in Appendix I to this prospectus.

MAJOR SHAREHOLDING CHANGES OF OUR GROUP

Major shareholding changes of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 30, 2019. In preparation for the Listing, on June 13, 2019, the authorized share capital of our Company was increased to USD50,000.00 divided into 5,000,000,000 Shares of US$0.00001 each.

Our Company underwent a series of subsequent shareholding changes in connection with corporate reorganization and completion of Series D Pre-IPO Investments. For further details, please refer to the paragraphs headed "– Reorganization" and "– Pre-IPO Investments".

Upon the completion of the Pre-IPO Investments, on November 1, 2019, we re-designated and reclassified our authorized share capital into (i) 4,681,241,164 ordinary Shares, (ii) 88,417,200 Series A Preferred Shares, (iii) 102,357,109 Series B Preferred Shares, (iv) 24,369,600 Series C Preferred Shares and (v) 103,614,927 Series D Preferred Shares.

Major shareholding changes in major subsidiaries

Akeso Biopharma

Akeso Biopharma, our principal operating entity in the PRC, was established as a limited liability company in China on March 19, 2012 with an initial registered capital of RMB45 million which was held as to 60% by Akeso HK, and as to 40% by Zhongshan HealthTech, an Independent Third Party.

On June 27, 2014, Akeso Biopharma's registered capital was increased from RMB45 million to RMB90 million, of which Akeso HK contributed the amount of subscribed registered capital by the transfer of proprietary technologies in antibody analytical platform and protein engineering. Upon the completion of such increase in the registered capital, Akeso Biopharma was held by Akeso HK and Zhongshan HealthTech as to 80% and 20%, respectively.

For subsequent shareholding changes of Akeso Biopharma, please refer to the paragraphs headed "– Reorganization" and "– Pre-IPO Investments".

In addition, upon completion of the Reorganization and Series D Investments, on November 18, 2019, the registered capital of Akeso Biopharma increased from RMB159,923,200 to RMB1,333,200,000. As at December 31, 2019, the paid-up capital of Akeso Biopharma amounted to approximately RMB1,015,186,263.

As a result of the Pre-IPO Investments and the Reorganization, the equity interests in Akeso Biopharma held by Akeso HK increased from approximately 47.4% as at January 1, 2018 to approximately 99.0% as the date of this prospectus; while Akeso HK, a company controlled by our ultimate controlling shareholder Dr. XIA through the voting arrangement since its establishment, becomes a wholly owned subsidiary of our Company upon completion of the Reorganization. For voting arrangement, please see the section headed "– Voting Arrangement" for details.

Akeso Pharma

Akeso Pharma was established by Akeso Biopharma as its wholly owned subsidiary on August 10, 2017. On January 7, 2019, Guangzhou Hi-tech Investment subscribed 5% equity interest in Akeso Pharma. Since then, Akeso Pharma has been a non-wholly owned subsidiary of Akeso Biopharma as to 95%.

AD Pharma

AD Pharma has been owned by Akeso Biopharma as to 65% since the beginning of the Track Record Period.

Akeso Tiancheng

Akeso Tiancheng has been a wholly owned subsidiary of Akeso Biopharma since the beginning of the Track Record Period.

CTTQ-Akeso

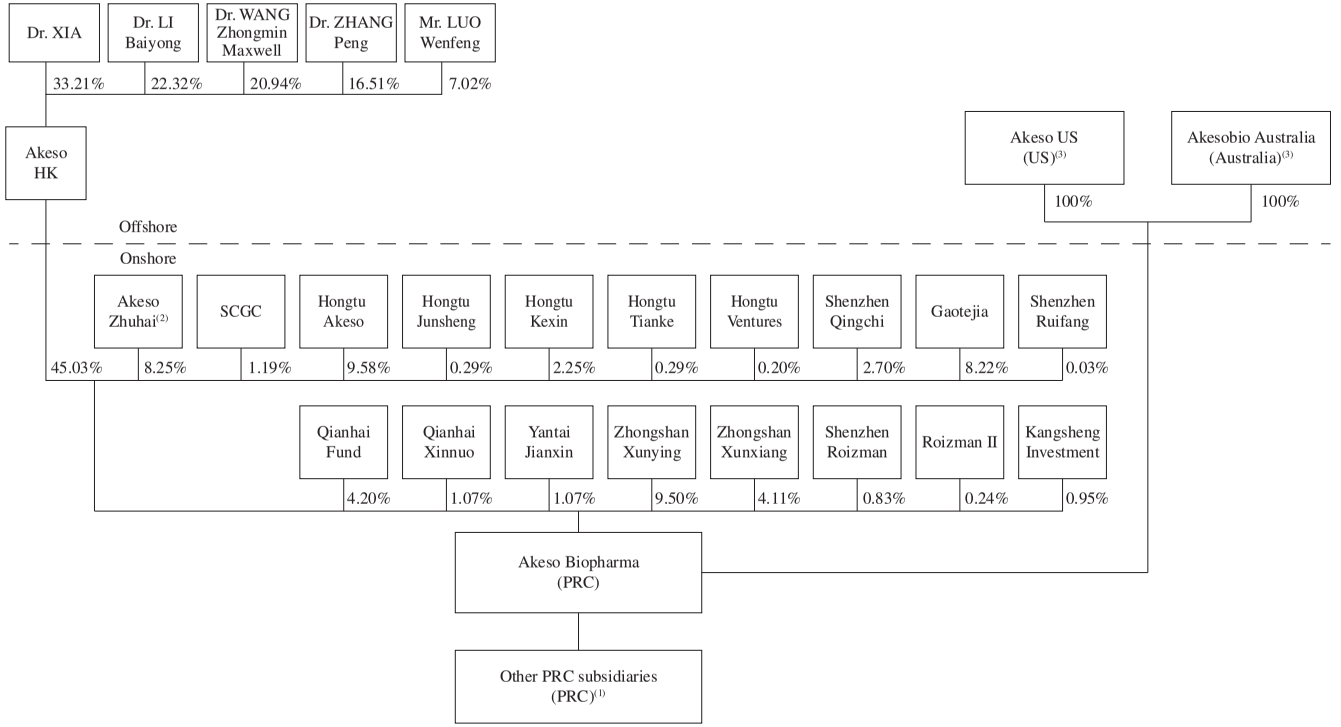
CTTQ-Akeso was established on August 30, 2019. The equity interests in CTTQ-Akeso held by Akeso Biopharma has been unchanged since its establishment.

As illustrated above, our ultimate controlling shareholder Dr. XIA has been able to control over 30% or more voting powers in the Group (via Akeso HK prior to the Reorganization or via the Company upon completion of the Reorganization) throughout the Track Record Period and up to the date of this prospectus.

Further, as the Reorganization mainly involved inserting new holding companies, i.e. the Company and Akeso BVI, and has not resulted in any change of economic substance, the historical financial information for the Track Record Period has been presented as a continuation of the existing companies using the pooling of interest method as if the Reorganization had been completed at the beginning of the Track Record Period. For more details, please see Note 2.1 of the Accountants' Report set out in Appendix I to this prospectus.

REORGANIZATION

In anticipation of our Listing, we have effected the following reorganization (the "**Reorganization**"), described below. The following chart depicts our shareholding structure prior to the Reorganization:



Notes:

(1) All subsidiaries established in the PRC other than Akeso Biopharma were directly or indirectly held by Akeso Biopharma before the Reorganization.

(2) Akeso Zhuhai Investment Partnership (Limited Partnership)* (康方(珠海)投資合夥企業) was a vehicle initially intended to be an employee's incentive holding platform before the Reorganization.

(3) Akeso US and Akeso Australia were directly held by Akeso Biopharma before the Reorganization.

In anticipation of our Listing, we underwent the following reorganization steps:

(1) Incorporation of Our Company and Akeso BVI

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 30, 2019.

Akeso (BVI), Inc. was incorporated in the BVI with limited liability on June 13, 2019 and was authorized to allot and issue no more than 50,000 ordinary shares of US$1.00 each. On the same day, Akeso BVI allotted and issued one ordinary share to our Company and became a wholly owned subsidiary of our Company.

(2) Acquisition of Equity Interest in Akeso HK from its then shareholders

On July 10, 2019, our Company acquired the entire equity interest in Akeso HK from its then shareholders. After the acquisition, our Company designated its wholly owned subsidiary, Akeso BVI, to hold the entire equity interests in Akeso HK. As consideration, our Company allotted and issued additional shares on July 10, 2019 to the relevant family trusts and holding vehicles relevant to the then shareholders of Akeso HK. After this step, the respective shareholdings in our Company are consistent with previous shareholdings of then shareholders in Akeso HK.

(3) Establishment of the Overseas Employee Incentive Program Holding Vehicle

Historically, Akeso Zhuhai Investment Partnership (Limited Partnership)* (康方(珠海)投資合夥企業) ("**Akeso Zhuhai**") held 8.2540% equity interest in Akeso Biopharma, which were initially intended to be an employee's incentive holding platform. In anticipation of our Listing, we decided to implement overseas employee incentive program, and therefore establish an offshore incentive platform to replace the onshore platform. As such, on July 10, 2019, 82,540 ordinary Shares were allotted and issued to Aquae Hyperion Limited, the overseas employee incentive program holding vehicle at a consideration based on par value.

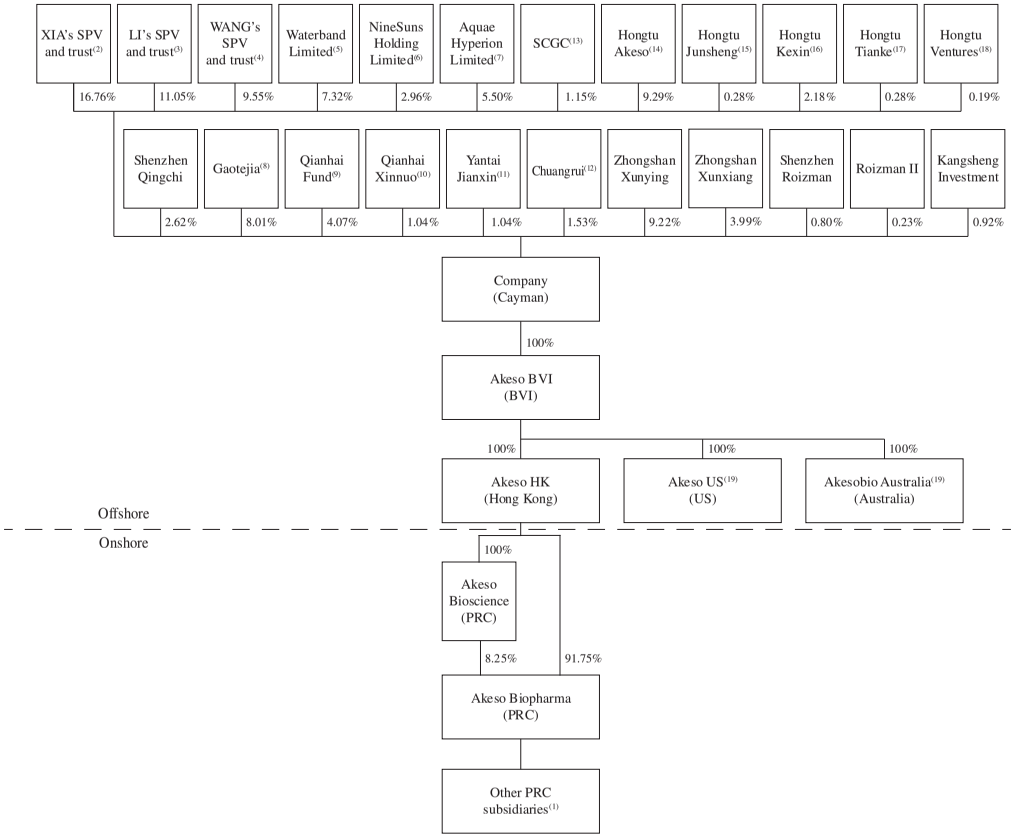
Subsequently, on August 9, 2019, Akeso HK acquired 8.2540% equity interest in Akeso Biopharma from Akeso Zhuhai through its wholly owned subsidiary Akeso Bioscience at a consideration based on the registered capital subscribed by Akeso Zhuhai.

(4) The Akeso Biopharma Equity Transfer and Cayman Share Subscription

On August 28, 2019, Akeso HK acquired the remaining 46.7245% equity interest in Akeso Biopharma from its then shareholders at the considerations primarily based on the sum of (1) the valuation of Akeso Biopharma as of September 30, 2018 appraised by an independent professional valuer and (2) RMB50 million capital injection from SCGC in early 2019. Upon the acquisition, Akeso Biopharma became a wholly owned subsidiary of Akeso HK.

On September 20, 2019, each Shareholder subscribed for Shares in our Company by themselves or through their designated offshore special purpose vehicles at a consideration equivalent to the consideration for acquiring Akeso Biopharma by Akeso HK described as above.

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization.



Notes:

(1) All subsidiaries established in the PRC other than Akeso Biopharma were directly or indirectly held by Akeso Biopharma upon completion of the Reorganization.

(2) XIA's SPV and trust are XIA LLC and XIA Trust. Dr. XIA holds 100% voting shares in XIA LLC. She is also the trustee of XIA Trust with certain of her family members as beneficiaries.

(3) LI's SPV and trust are LI LLC and LI Trust. Dr. LI Baiyong holds 100% voting shares in LI LLC. He is also the trustee of LI Trust with certain of his family members as beneficiaries.

(4) WANG's SPV and trust are WANG LLC and WANG Trust. Dr. WANG Zhongmin Maxwell holds 100% voting shares in WANG LLC. He is also the trustee of WANG Trust with certain of his family members as beneficiaries.

(5) Waterband Limited is wholly owned by Cantrust (Fareast) Limited, the trustee of Dr. Zhang's family trust with certain of his family members as the beneficiaries.

(6) NineSuns Holding Limited is wholly owned by Cantrust (Fareast) Limited, the trustee of Mr. Luo's family trust with certain of his family members as the beneficiaries.

(7) Aquae Hyperion Limited holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust.

(8) Gaotejia and Shenzhen Ruifang indirectly hold their equity interest in our Company through their overseas affiliate Gaotejia Investment Management Co., Ltd.

(9) Qianhai Fund indirectly holds its equity interest in our Company through its overseas affiliate Qianhai Ark (Cayman) Investment Co. Limited.

(10) Qianhai Xinnuo indirectly holds its equity interest in our Company through its overseas affiliate Heqixin Capital Limited.

(11) Yantai Jianxin indirectly holds its equity interest in our Company through its overseas affiliate Jianxin Global Limited.

(12) Chuangrui means Shanghai Chuangrui Yuantai Junhong Investment Management Center (Limited Partnership).

(13) SCGC indirectly holds its equity interest in our Company through its overseas holding vehicle SCGC Capital Holding Company Limited.

(14) Hongtu Akeso indirectly holds its equity interest in our Company through its overseas holding vehicle HTKF Investments Limited.

(15) Hongtu Junsheng indirectly holds its equity interest in our Company through its overseas holding vehicle FSJC Ventures Limited.

(16) Hongtu Kexin indirectly holds its equity interest in our Company through its overseas holding vehicle GZKX Ventures Limited.

(17) Hongtu Tianke indirectly holds its equity interest in our Company through its overseas holding vehicle GZTK Ventures Limited.

(18) Hongtu Ventures indirectly holds its equity interest in our Company through its overseas holding vehicle GDHT Ventures Limited.

(19) On September 30, 2019, Akeso Biopharma transferred its entire equity interest in Akesobio Australia and Akeso US to Akeso BVI.

VOTING ARRANGEMENT

On November 13, 2019, Dr. XIA, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Dr. ZHANG Peng together with their family trusts and holding vehicles entered into an acting-in-concert agreement, pursuant to which the signing parties have confirmed that they had been acting in concert by aligning their votes and following Dr. XIA's directions when exercising their voting rights at the shareholders' meetings in our Group since our establishment. They also acknowledged and agreed that they had and would continue to, for so long as they remain interested in the Shares, defer their voting powers to Dr. XIA. By entrusting their voting power to Dr. XIA, the other concert parties believe that the consistent leadership and management, supported with stronger control will be beneficial to the overall strategic planning and decision-making process.

RESTRICTED SHARE UNIT SCHEME

Our Company adopted the Restricted Share Unit Scheme on August 29, 2019. We reserved 45,270,499 Shares under the Restricted Share Unit Scheme. As of the Latest Practicable Date, RSUs for an aggregate of 9,000,000 Shares have been granted to certain eligible participants by our Company under the Restricted Share Unit Scheme. Such RSUs will be vested to grantees after the completion of the Global Offering and according to their respective vest schedule. For details, see the paragraph headed "D. Share Incentive Schemes – 1. Restricted Share Unit Scheme" in Appendix IV to this prospectus. In order for the Share Incentive Schemes to facilitate the administration of the Restricted Share Unit Scheme, the Company has established a trust (the "**ESOP Trust**") by entering into a trust deed with Zedra Trust Company (Cayman) Limited, as trustee of the trust. Dr. XIA as the enforcer of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust.

PRE-IPO INVESTMENTS

Overview

We underwent the following rounds of Pre-IPO investments:

(1) Series A Investment

On July 28, 2015, Akeso Biopharma entered into a registered capital increase agreement with, among others, SCGC, Hongtu Ventures, Hongtu Kexin, Zhongshan Xunxiang, Yantai Jianxin and Qianhai Xinnuo, pursuant to which, (i) the relevant investors agreed to contribute to Akeso Biopharma RMB65 million, RMB23.4 million of which would be invested as the registered capital of Akeso Biopharma (with the remaining funds allocated to the capital reserve of Akeso Biopharma); and (ii) as the result of the capital contributions by the relevant investors, the registered capital of Akeso Biopharma increased from RMB90 million to RMB113.4 million. The capital contributions by the relevant investors were completed on October 30, 2015.

In addition, in February 2016, Qianhai Fund agreed to contribute to Akeso Biopharma RMB15 million, RMB5.4 million of which would be invested as the registered capital of Akeso Biopharma (with the remaining funds allocated to the capital reserve of Akeso Biopharma). As the result of the capital contributions by Qianhai Fund, the registered capital of Akeso Biopharma increased from RMB113.4 million to RMB118.8 million. The capital contribution by Qianhai Fund was completed on February 25, 2016.

(2) Series B Investments

In May 2017, Akeso Biopharma entered into an agreement with Gaotejia, Shenzhen Ruifang, Akeso HK, Zhongshan HealthTech, SCGC, Hongtu Ventures, Hongtu Kexin, Zhongshan Xunxiang, Yantai Jianxin, Qianhai Xinnuo, and Qianhai Fund, whereby the aforementioned investors agreed to contribute to Akeso Biopharma RMB200 million, of which RMB13.2 million would be invested as registered share capital.

In August 2017, Akeso Biopharma entered into an agreement with SCGC, Hongtu Ventures, Hongtu Tianke, Hongtu Junsheng, Qianhai Fund, Shenzhen Roizman, whereby the aforementioned investors agreed to contribute to Akeso Biopharma RMB100 million, of which RMB6.6 million would be invested as registered share capital. As the result of the capital contributions by the relevant investors, the registered capital of Akeso Biopharma increased from RMB132 million to RMB151.8 million. The capital contributions by the relevant investors were completed on October 12, 2017.

(3) Series C Investments

Akeso Biopharma entered into two registered capital increase agreements with, among others, Huiqiao Hongjia, Kangsheng Investment and Roizman II in August 2018, pursuant to which, (i) the relevant investors agreed to contribute to Akeso Biopharma RMB150 million, approximately RMB6.2 million of which would be invested as the registered capital of Akeso Biopharma (with the remaining funds allocated to the capital reserve of Akeso Biopharma); and (ii) as the result of the capital contributions by the relevant investors, the registered capital of Akeso Biopharma increased from RMB151.8 million to approximately RMB158.0 million.

In addition, on December 24, 2018, Akeso Biopharma entered into a registered capital increase agreement with, among others, SCGC, pursuant to which, (i) SCGC agreed to contribute to Akeso Biopharma RMB50 million, approximately RMB1.9 million of which would be invested as the registered capital of Akeso Biopharma (with the remaining funds allocated to the capital reserve of Akeso Biopharma); and (ii) as the result of the capital contributions by SCGC, the registered capital of Akeso Biopharma increased from approximately RMB158.0 million to approximately RMB160.0 million.

The Series C Investments were completed on March 26, 2019.

(4) Series D Investments

On October 16, 2019, our Company entered into a series D preferred shares purchase agreement with, among others, with 13 investors pursuant to which the investors agreed to subscribe for a total of 90,978,960 Series D Preferred Shares at a price of US$1.3849 per share for a total consideration of US$126 million.

On the same day, XIA Trust, Waterband Limited and NineSuns Holding Limited (the "**Sellers Group**") entered into share purchase agreement with BOCOM International Holdings Company Limited ("**BOCOM International**"), pursuant to which the Sellers Group agreed to sell and transfer an aggregate 3,610,276 ordinary Shares to BOCOM International at a price of US$1.3849 per share for a total consideration of US$5 million. In addition, Qianhai Ark (Cayman) Investment Co. Limited ("**Qianhai Ark**") agreed to sell and transfer an aggregate 4,332,332 ordinary Shares to GT Capital Biotech I and 4,693,359 ordinary Shares to Zeta Buyout Fund SPC – Triwise Fund I SP, respectively, at a price of US$1.3849 per share for a total consideration of US$12.5 million, according to certain share purchase agreements dated October 16, 2019. These ordinary Shares transferred to the relevant investors mentioned above were reclassified and re-designated as Series D Preferred Shares on November 1, 2019.

The Series D Investments were completed on November 4, 2019.

In addition to the above, there were a few share transfers among the then shareholders of Akeso Biopharma or the Company and certain investors during the Pre-IPO Investments, as a result of certain investors' internal restructuring and certain new investors' investments in our Group.

Principal Terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

	Series A Investments	Series B Investments	Series C Investments	Series D Investments
	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares
Funds raised by the Group (approximation)	RMB80 million	RMB300 million	RMB200 million	USD126 million
Corresponding valuation of the Group (approximation) upon completion of relevant Pre-IPO Investments	RMB330 million	RMB2.3 billion	RMB4.2 billion	USD836 million
Cost per Preferred Share paid[(1)]	RMB0.9259	RMB5.0506	RMB8.7535	USD1.3849
Discount to the Offer Price[(2)]	93.4%	64.2%	38.0%	30.4%

Use of Proceeds from the Pre-IPO Investment	We utilized the proceeds from the Pre-IPO Investments for financing our R&D activities, general working capital, business expansion, and other general corporate purposes for the Group as well as completion of our Reorganization. As at the Latest Practicable Date, approximately RMB580 million of the net proceeds raised by the Company has been utilized.
Lock-up Period	The Pre-IPO Investors are subject to a lock-up undertaking for a period commencing on the date of this prospectus and ending on the last day of six (6) months from the Listing Date. For further information about shareholder lock-up arrangements, please refer to the section headed "Underwriting" in the prospectus.
Strategic Benefits of the Pre-IPO Investments	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and the Pre-IPO Investors' knowledge and experience. The consideration for the Pre-IPO Investments were determined based on arm's length negotiations between our Company and the Pre-IPO Investors.

Notes:

1. Cost per Share paid is calculated by dividing the total consideration paid by the total number of Shares held following the conversion of the relevant Preferred Shares to ordinary Shares on a one for one basis.

2. The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$15.53 per Share, being the mid-point of the Offer Price, range of HK$14.88 to HK$16.18, on the basis that 763,133,176 Shares are expected in issue immediately upon completion of the Global Offering (including completion of the conversion of the Preferred Shares into ordinary Shares on a l : 1 basis).

Pre-IPO Investors' Rights

All Preferred Shares shall be converted into Shares of our Company immediately before the completion of the Global Offering on a one-for-one basis. All the shareholders (including the Pre-IPO Investors) of the Company are bound by the shareholders agreement dated November 1, 2019 (as amended from time to time) which superseded all previous agreements among the contracting parties in respect of shareholders' rights in our Company.

The principal special rights granted to the Pre-IPO Investors include the customary protective provisions, redemption rights, information rights, right of first refusal, co-sale right, right to elect directors, inspection rights etc. The redemption rights have been terminated prior to the date of the first submission of the listing application by the Company. For more details, please see Note 24 of the Accountants' Report set out in Appendix I to this prospectus. All the other special rights are expected to terminate upon Listing.

Information regarding the Pre-IPO Investors

Our Pre-IPO Investors are mainly sophisticated investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the biopharmaceutical sector. Set out below is a description of our Pre-IPO Investors that have made meaningful investments in our Group (each or together with its affiliate(s) holding more than 1% of our total issued and outstanding Shares immediately prior to the Global Offering (assuming all the Preferred Shares are converted into ordinary Shares of par value US$0.00001 each on a 1:1 basis)).

Zhongshan Xunying and Zhongshan Xunxiang

Zhongshan Xunxiang is a limited partnership established on July 22, 2015 under PRC laws. Zhongshan Xunying is a limited partnership established on December 20, 2017 under PRC laws. Both are private venture capital funds managed by Phaeton Capital Management, L.P. ("**Phaeton Capital**"). Phaeton Capital is a private fund manager enterprise registered with Asset Management Association of China. Phaeton Capital's investment focuses on biomedical and healthcare, information technology industry. After due enquiry, the limited partners of Zhongshan Xuning and Zhongshan Xunxiang are Independent Third Parties individuals.

Hongtu Akeso and Hongtu Ventures

Hongtu Akeso is a limited partnership established on January 15, 2019 under PRC laws, and is controlled by Hongtu Ventures as the general partner as to 59.27%. After due enquiry, the limited partner of Hongtu Akeso is Independent Third Party. Hongtu Ventures, an Independent Third Party, is a limited liability company established under PRC laws and ultimately controlled by relevant local SASAC, which primarily invests in the IT and biotechnology industries.

Gaotejia and Shenzhen Ruifang

Both Gaotejia and Shenzhen Ruifang are limited partnerships established in the PRC and controlled by Shenzhen Gaotejia Investment Group Co., Ltd.* (深圳市高特佳投資集團有限公司) ("**Gaotejia Group**"). Gaotejia is a company established in Shenzhen with assets under management of over RMB20 billion and more than 20 funds devoted to the healthcare industry. Gaotejia is a sophisticated investor and has invested in more than 140 companies, among which, more than 70 companies are principally engaged in the healthcare industry. Mr. CAI Dajian is the ultimate beneficial owner of Gaotejia Group and Independent Third Party.

Loyal Valley Capital Advantage Fund II LP

Loyal Valley Capital Advantage Fund II LP is private equity fund established in 2018 by Loyal Valley Capital, a sophisticated investor and a private equity firm with over 30 investors that mainly focuses on the following segments: new consumer (media, entertainment and education), healthcare and also covers specialty industrials and financial services. With an aggregated assets under management of more than US$900 million, Loyal Valley Capital have invested in a number of healthcare companies such as Shanghai Junshi Biosciences Co., Ltd., InnoCare Pharma Limited and Shanghai Henlius Biotech, Inc. Loyal Valley Capital Advantage Fund II LP is ultimately controlled by Mr. LIN Lijun, one of our non-executive Directors.

Sino Biopharmaceutical Limited

Sino Biopharmaceutical Limited ("**Sino Biopharm**") is a limited liability company incorporated in the Cayman Islands and was listed on the Main Board of the Stock Exchange (stock code: 1177) in 2003 and included as a constituent stock of the Hang Seng Index in 2018. Sino Biopharm principally engages in the research and development as well as the manufacture and sales of pharmaceutical products. It is particularly recognized for a range of medicines for treating liver diseases, tumours, cardio-cerebral diseases, analgesia, respiratory system diseases and orthopedic diseases. Sino Biopharm is a sophisticated investor and also our partner for the joint development and commercialization of our penpulimab (AK105) (PD-1).

Shenzhen Qingchi

Shenzhen Qingchi is a limited partnership registered in Shenzhen, China. Its general partner is Shanghai Hongjia Asset Management Limited ("**Shanghai Hongjia**") and its sole limited partner is Ningbo Huiqiao Hongjia Private Equity Investment Partnership (Limited Partnership), and Independent Third Party, which is managed by Shanghai Hongjia.

LBC Sunshine Healthcare Fund L.P.

LBC Sunshine Healthcare L.P. ("**LBC Sunshine**") is managed by Lake Bleu Capital (Hong Kong) Limited. LBC Sunshine, an exempted limited partnership registered in the Cayman Islands, is a sophisticated investor and specializes in investing in late-stage healthcare companies in Asia/Greater China. The investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP Limited, an exempted company incorporated in the Cayman Islands acts as the general partner of LBC Sunshine. After due inquiry, the limited partners of LBC Sunshine are Independent Third Parties.

CRF Investment Holdings Company Limited

CRF Investment, an Independent Third Party, is an exempted company incorporated in the Cayman Islands and is wholly-owned by China Reform Conson Soochow Overseas Fund I L.P., which is a China-related overseas investment firm specializing in industrials, TMT and healthcare sectors. China Reform Conson Soochow Overseas Fund I L.P. is mainly sponsored by China Reform Holdings Corporation Ltd ("**CRHC**") (through China Reform Investment Fund I L.P.), Qingdao Conson Development (Group) Co., Ltd. (through its wholly-owned subsidiary) and Soochow Securities Co., Ltd. (through its wholly-owned subsidiary). CRHC is a wholly state-owned investment company and a sophisticated investor. Qingdao Conson Development (Group) Co., Ltd. is an investment company directly under the State-owned Assets Supervision and Administration Commission of the State Council of Qingdao City. Soochow Securities Co., Ltd. is a full-service brokerage firm listed on the Shanghai Stock Exchange with stock code 601555.

Shenzhen Roizman, Roizman II and Kangsheng Investment

Shenzhen Roizman, Roizman II and Kangkeng Investment are all limited partnerships established in the PRC and managed by Shenzhen Qianhai Triwise International Capital Management Co., Ltd ("**Triwise Capital**"), a sophisticated investor. After due inquiry, the limited partners of Shenzhen Roizman, Roizman II and Kangkeng Investment are Independent Third Parties.

Triwise Capital focuses on early to middle stage investments in Biological Medicine & TMT and has established an advanced investment portfolio. Triwise Capital is comprised of former executives from various financial institutions, industrial experts from leading corporates and scholars from prominent academic institutions, and currently has aggregated assets under management of more than RMB3 billion.

SCGC and Red Earth Innovation International Company Limited

SCGC, an Independent Third Party, is a limited liability company established on August 25, 1990 under PRC laws, under the sponsorship from the Shenzhen government, who still holds a 28.2% equity interest as its largest shareholder. SCGC is a leading venture capital firm in the PRC and a sophisticated investor. Shenzhen Capital Group Company Limited invests in growth companies of the information technology, internet, new media, creative media, biotechnology and health sciences, new energy, energy conservation and environmental protection, new materials and chemical industries, high-end manufacturing, consumer goods, and modern services sectors.

Red Earth Innovation International Company Limited is a limited liability company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of SCGC.

Zhan Hong Development Limited

Zhan Hong Development Limited is a limited liability company incorporated under the laws of British Virgin Islands. The shareholders are Ms. TSUI Feifei and Ms. WANG Xiaohua, both of whom are Independent Third Parties.

Hongtu Kexin

Hongtu Kexin is the first technology venture capital fund established in Guangzhou after the establishment of Guangzhou Economic Development Zone, and established as a limited liability company in Panyu District on July 6, 2011. The fund has a scale of RMB320 million, and it adopts a company-based operation. It has also successfully supported a group of qualified enterprises in Panyu District to go public. Hongtu Kexin is Independent Third Party and controlled by SCGC as to 40.00%.

Confirmation from the Joint Sponsors

The Joint Sponsors have confirmed that the investment by the Investors is in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 and the Guidance Letter GL29-12 reproducing the same issued on January 2012 and as updated in March 2017; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange on October 2012 and as updated in July 2013 and March 2017; and (iii) the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

THE CAPITALIZATION TABLE

The following table illustrates the capitalizations of the Company as of the Latest Practicable Date and upon completion of the Global Offering (assuming that all the Preferred Shares have been converted to ordinary Shares on a one on one basis, the Over-allotment Option is not exercised):

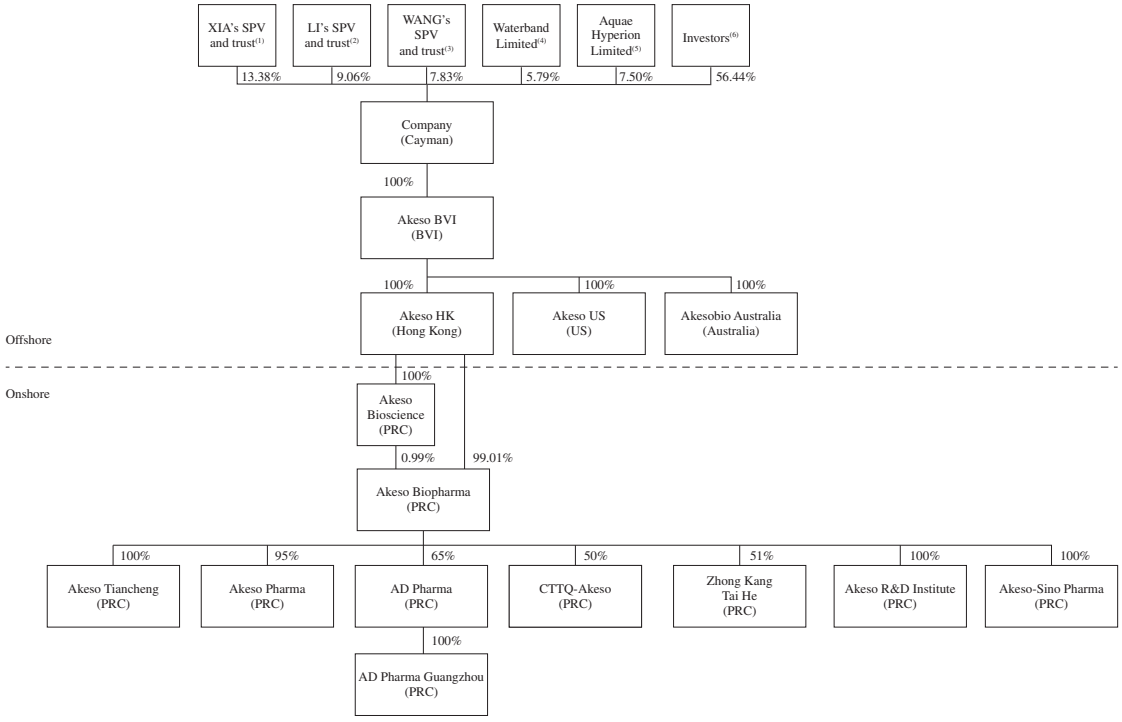
Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Aggregate ownership percentage as at the Latest Practicable Date	Upon completion of the Global Offering	
							Number of Shares held	*Percentage of total issued share capital*
XIA Trust and XIA LLC	80,771,042	–	–	–	–	13.38%	80,771,042	10.58%
LI Trust and LI LLC	54,673,194	–	–	–	–	9.06%	54,673,194	7.16%
WANG Trust and WANG LLC	47,239,323	–	–	–	–	7.83%	47,239,323	6.19%
Waterband Limited	34,929,065	–	–	–	–	5.79%	34,929,065	4.58%
NineSuns Holding Limited	14,406,217	–	–	–	–	2.39%	14,406,217	1.89%
Chuangrui	7,590,000	–	–	–	–	1.26%	7,590,000	0.99%
Aquae Hyperion Limited	45,270,499	–	–	–	–	7.50%	45,270,499	5.93%
GZKX Ventures Limited	–	10,800,000	–	–	–	1.79%	10,800,000	1.42%
Zhongshan Xunxiang	–	19,740,000	–	–	–	3.27%	19,740,000	2.59%
Jianxin Global Limited	–	5,130,000	–	–	–	0.85%	5,130,000	0.67%
Heqixin Capital Limited	–	5,130,000	–	–	–	0.85%	5,130,000	0.67%
Qianhai Fund	–	709,200	1,317,109	–	–	0.34%	2,026,309	0.27%
HTKF Investments Limited	–	37,800,000	8,160,000	–	–	7.61%	45,960,000	6.02%
Zhan Hong Development Limited	–	9,108,000	–	–	–	1.51%	9,108,000	1.19%
Zhongshan Xunying	–	–	45,600,000	–	–	7.55%	45,600,000	5.98%
GDHT Ventures Limited	–	–	948,000	–	–	0.16%	948,000	0.12%
Gaotejia Investment Management Co., Ltd	–	–	39,600,000	–	–	6.56%	39,600,000	5.19%

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Aggregate ownership percentage as at the Latest Practicable Date	Upon completion of the Global Offering	
							Number of Shares held	*Percentage of total issued share capital*
GZTK Ventures Limited	–	–	1,386,000	–	–	0.23%	1,386,000	0.18%
FSJC Ventures Limited	–	–	1,386,000	–	–	0.23%	1,386,000	0.18%
Shenzhen Roizman	–	–	3,960,000	–	–	0.66%	3,960,000	0.52%
SCGC Capital Holding Company Limited	–	–	–	5,711,700	–	0.95%	5,711,700	0.75%
Shenzhen Qingchi Investment Partnership (Limited Partnership)	–	–	–	12,946,500	–	2.14%	12,946,500	1.70%
Kangsheng Investment	–	–	–	4,569,000	–	0.76%	4,569,000	0.60%
Roizman II	–	–	–	1,142,400	–	0.19%	1,142,400	0.15%
BOCOM International Holdings Company Limited	–	–	–	–	3,610,276	0.60%	3,610,276	0.47%
GT Capital Biotech I	–	–	–	–	4,332,332	0.72%	4,332,332	0.57%
Zeta Buyout Fund SPC – Triwise Fund I SP	–	–	–	–	4,693,359	0.78%	4,693,359	0.62%
Loyal Valley Capital Advantage Fund II LP	–	–	–	–	19,495,491	3.23%	19,495,491	2.55%
Wealth Shine Asia Pacific Ltd	–	–	–	–	2,166,166	0.36%	2,166,166	0.28%
LBC Sunshine Healthcare Fund L.P.	–	–	–	–	10,830,829	1.79%	10,830,829	1.42%
Sino Biopharmaceutical Limited	–	–	–	–	12,996,994	2.15%	12,996,994	1.70%
Changan Revisited SPC – Weiyang SP	–	–	–	–	1,444,110	0.24%	1,444,110	0.19%
CRF Investment Holdings Company Limited	–	–	–	–	10,505,904	1.74%	10,505,904	1.38%
CDG Group Fund L.P.	–	–	–	–	324,925	0.05%	324,925	0.04%
Red Earth Innovation International Company Limited	–	–	–	–	10,830,829	1.79%	10,830,829	1.42%
Worldstar Global Holdings Limited	–	–	–	–	5,776,442	0.96%	5,776,442	0.76%
AIHC Master Fund	–	–	–	–	5,054,387	0.84%	5,054,387	0.66%
OrbiMed Partners Master Fund Limited	–	–	–	–	4,332,331	0.72%	4,332,331	0.57%
Hankang Biotech Fund I, L.P.	–	–	–	–	3,610,276	0.60%	3,610,276	0.47%
Apricot Bioscience Holdings, L.P.	–	–	–	–	3,610,276	0.60%	3,610,276	0.47%
Sub-total	**284,879,340**	**88,417,200**	**102,357,109**	**24,369,600**	**103,614,927**	**100%**		
Total						**100%**	**603,638,176**	**79.10%**

CORPORATE AND SHAREHOLDING STRUCTURE

The following charts illustrate our corporate and shareholding structure (1) immediately prior to completion of the Global Offering and (2) immediately after the completion of the Global Offering (assuming all the Preferred Shares have been converted to ordinary Shares on a 1:1 basis, that the Over-allotment Option is not exercised):

(1) Immediately prior to completion of the Global Offering



Notes:

(1) XIA's SPV and trust are XIA LLC and the XIA Trust dated June 11, 2019. Dr. XIA holds 100% voting shares in XIA LLC. She is also the trustee of XIA Trust with certain of her family members as beneficiaries.

(2) LI's SPV and trust are LI LLC and the LI Trust. Dr. LI Baiyong holds 100% voting shares in LI LLC. He is also the trustee of LI Trust with certain of his family members as beneficiaries.

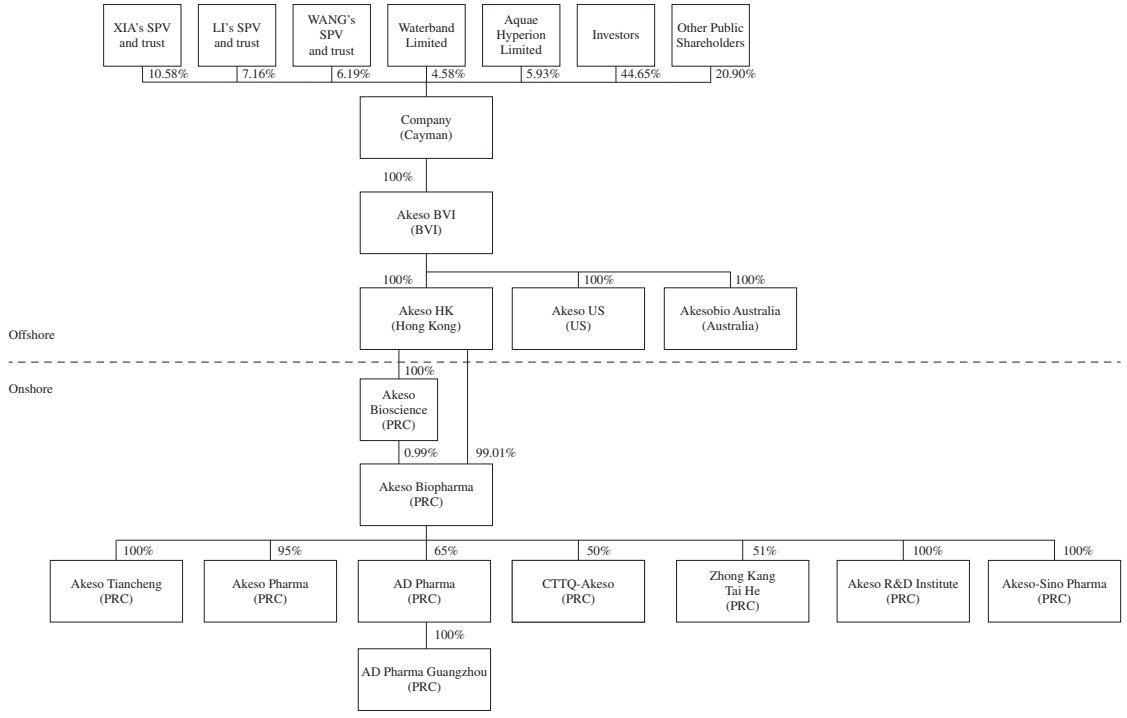
(3) WANG's SPV and trust are WANG LLC and the WANG Trust. Dr. WANG Zhongmin Maxwell holds 100% voting shares in WANG LLC. He is also the trustee of WANG Trust with certain of his family members as beneficiaries.

(4) Waterband Limited is wholly owned by Cantrust (Fareast) Limited, the trustee of Dr. ZHANG Peng's family trust with his family members as the beneficiaries.

(5) Aquae Hyperion Limited holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust. Dr. XIA as the enforcer of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust.

(6) Investors include all our Pre-IPO investors and other early investors. For details, please see subsection headed "— Information Regarding the Pre-IPO Investors".

(2) Immediately after the completion of the Global Offering[(1)]



Note:

(1) All statistics in this chart are presented on the assumption that all the Preferred Shares have been converted to ordinary Shares on a 1:1 basis, the Over-allotment Option is not exercised.

Please refer to the notes underneath the corporate and shareholding structure chart of our Group under "(1) Immediately prior to completion of the Global Offering" above.

Immediately after the completion of the Global Offering and pursuant to the requirement under Rule 8.24 of the Listing Rules, save for the Shares ultimately controlled by Dr. XIA, which includes the interest of Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell, their respective family trusts and holding vehicles, Waterband Limited, and Aquae Hyperion Limited, and Shares held by Loyal Valley Capital Advantage Fund II LP, a Pre-IPO Investor controlled by one of our non-executive Directors LIN Lijun, all other Shares held by our Shareholders will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. For details of substantial shareholders and Loyal Valley Capital Advantage Fund II LP, please refer to the section headed "Substantial Shareholders" and subsection headed "– Pre-IPO Investments", respectively.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that the PRC subsidiaries in our Group have obtained the requisite government approvals which they shall obtain in all material respects in respect of their relevant share transfers of equity interests as described in this section of the prospectus. The transfers of equity interests described above have been properly and legally completed.

M&A RULES

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於國外投資者併購境內企業的規定》) (the "M&A Rules") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals from MOFCOM or the department of commerce at the provincial level when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise.

Akeso Biopharma Co., Ltd was established by Akeso HK and Zhongshan HealthTech in March 2012. Upon its establishment, Akeso Biopharma Co., Ltd was a sino-foreign equity joint venture enterprise. Therefore it does not need to be approved by the MOFCOM because it does not involve the circumstance under the M&A Rules, where a domestic company or enterprise, or domestic natural person, through an overseas company legally established or controlled by it/him, acquires a domestic company which is related to or connected with it/him.

In July 2019, the acquisition of approximately 46.7% equity interest of Akeso Biopharma Co., Ltd jointly held by Zhongshan Xunying, SCGC, Gaotejia, Shenzhen Ruifang, Zhongshan Xunxiang, Hongtu Kexin, Hongtu Junsheng, Hongtu Ventures, Hongtu Tianke, Hongtu Akeso, Shenzhen Roizman, Roizman II, Kangsheng Investment, Qianhai Fund, Qianhai Xinnuo, Shenzhen Qingchi, Yantai Jianxin by Akeso HK shall be deemed as the equity transfer of a sino-foreign equity joint venture enterprise, which does not involve the circumstance under the M&A Rules, where foreign investors acquire equity of shareholders of nonforeign investment enterprises in China MOFCOM, does not involve the circumstance which shall be approved by the MOFCOM under the M&A Rules.

SAFE Circular 37

As disclosed in the section headed "Regulatory Overview – Regulations relating to offshore investment" in this prospectus, the SAFE Circular 37, which replaced the former SAFE Circular 75, requires PRC residents to register with local branches of SAFE with regard to their establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to, among others, the special purpose vehicle, the domestic individual resident shareholder, operating period, capital and merger or division events. As at the Latest Practicable Date, our ultimate controlling shareholder Dr. XIA is not a PRC citizen required to conduct registration pursuant to the requirement of SAFE Circular 37.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to in-house discovery, development and commercialization of first-in-class and best-in-class therapies. We are dedicated to addressing global unmet medical needs in oncology, immunology and other therapeutic areas. Our vision is to become a global leader in developing, manufacturing and commercializing innovative, next-generation and affordable therapeutic antibodies for patients worldwide.

Our business is designed to drive success through both efficient and breakthrough R&D innovation. We believe that fully integrated in-house R&D capabilities are critical to achieving success in China. Since our inception, we have had the foresight to develop an end-to-end platform, Akeso Comprehensive Exploration platform ("ACE Platform"), encompassing comprehensive drug discovery and development functionalities, including target validation, antibody drug discovery and development, CMC, and GMP-compliant manufacturing.

Through our ACE Platform, we have consistently and rapidly innovated and produced high quality drug candidates, with minimal dependence on external vendors, and have achieved remarkable results and industry recognition within nearly eight years since our establishment, including the following:

- We out-licensed our CTLA-4 antibody (AK107) to Merck for a total consideration of up to US$200 million. According to Frost & Sullivan, we are the first China-based biotech company to out-license a fully internally-discovered monoclonal antibody to a global leading pharmaceutical company.

- We have developed one of the richest and most diversified innovative antibody drug pipelines in China covering over 20 drug development programs, including 12 antibodies in clinical-stage development, six bi-specific antibodies (two at clinical stage), and four antibodies with IND approvals from the FDA.

- We have forged important partnerships, including the most recent one with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm (stock code: 1177), for the joint development and commercialization of our PD-1 antibody drug candidate (penpulimab (AK105)) (the "Sino Biopharm Collaboration"). We believe this will help maximize the commercial value of our penpulimab (AK105), as Sino Biopharm has strong commercial capabilities, including one of China's largest pharmaceutical sales forces of about 12,000 sales professionals. In addition, the Sino Biopharm Collaboration provides that our penpulimab (AK105) is the only PD-1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy.

The following chart summarizes the development status of our core product candidates and other drug candidates being internally developed in ongoing clinical trials as of the Latest Practicable Date. Please refer to "Business – Our Drug Candidates" for more information.

	Drug Candidate	Target	Biologic Product Classification	Commercial Rights	Status (Most Advanced Program)	Expected Earliest NDA Submission Date	Focused Indications	NCT Number
					Ph Ia / Ph Ib / Ph II / Pivotal			
Oncology	AK104*	PD-1/CTLA-4	Category 1	Global[1]	Registrational Trial: China (NMPA)/ US (FDA)/Australia (TGA)[2] (Ph II)	2H2021	Cervical Cancer**, HCC, ESCC, GC, NSCLC, Melanoma, Adv. Solid Tumors, PTCL	NCT03261011; NCT03852251; NCT04172454
Oncology	Penpulimab (AK105)*	PD-1	Category 1	Global[3]	Registrational Trial: China (NMPA)/US (FDA)/Australia (TGA)[4] (Ph II/III)	mid-2020	Combo with Anlotinib / Chemo (SQ NSCLC. non-SQ NSCLC, HCC), R/R cHL**, NPC, Adv. solid tumors	NCT03352531; NCT04172571; NCT03866993; NCT03866980; NCT03722147; NCT03866967; NCT04172506
Oncology	AK112	PD-1/VEGF	Category 1	Global	US (FDA)/ Australia (TGA)	-	Adv. solid tumors	NCT04047290
Immunology	AK101*	IL-12/ IL-23	Category 1	Global	China (NMPA)/US (FDA)/Australia (TGA)[5]	2H2020	Moderate-to-severe plaque psoriasis**, Moderate-to-severe UC, SLE	NCT04172233;NCT04173637
Immunology	AK111	IL-17	Category 1	Global	China (NMPA) /New Zealand (MOH)	-	Moderate-to-severe plaque psoriasis, AS	NCT03622021
Others	Ebronucimab (AK102)*	PCSK9	Category 1	Global[6]	China (NMPA)	-	Hypercholesterolemia, HoFH**, HeFH	NCT04169386; NCT03933293; NCT04173793; NCT04173403

Notes:

* Denotes our core product candidates.

** Denotes the most advanced clinical trial of each core product candidate.

(1) Commercial rights of AK104 are owned by Akeso Pharma, a subsidiary of us, in which we hold 95% equity interest.

(2) For AK104, we enrolled the first patient in a Phase II registrational trial for cervical cancer in China in September 2019, and expect to submit an NDA to NMPA for cervical cancer in the second half of 2021. We are planning to enroll patients for cervical cancer in the U.S. and Australia in the first half of 2020.

(3) Commercial rights of penpulimab (AK105) are owned by CTTQ-Akeso, a joint venture consolidated by us, in which we and Chia Tai Tianqing (subsidiary of Sino Biopharm) hold 50% equity interest each. Please refer to "Business-Collaboration Agreements-Joint Venture with Sino Biopharm" for details.

(4) For AK105, we are conducting (i) a Phase II registrational trial for r/r cHL in China with the expected NDA filing in the mid-2020, (ii) a Phase II registrational trial for NPC in China with the expected NDA filing in the first half of 2021, (iii) a Phase III trial in combination with chemotherapy or anlotinib for non-squamous NSCLC with the expected NDA filing in 2022, (iv) a Phase III trial in combination with chemotherapy for squamous NSCLC with the expected NDA filing in the second half of 2021 and (v) a Phase III trial in combination with anlotinib for HCC with the expected NDA filing in the second half of 2022.

(5) For AK101, we are conducting a Phase IIb trial in moderate to severe psoriasis in China and expect to enroll the patients in a subsequent Phase III trial in the first half of 2021. We expect to submit an NDA for moderate to severe psoriasis in China in the second half of 2022.

(6) Commercial rights of ebronucimab (AK102) are owned by AD Pharma, a subsidiary of us, in which we and Dawnrays Pharma (wholly-owned subsidiary of Dawnrays Pharmaceutical (Holdings Limited)) hold 65% and 35% equity interest, respectively. Please refer to "Business-Collaboration Agreements-Joint Venture with Dawnrays Pharma" for details.

As of the Latest Practicable Date, we owned 16 issued patents in China, one issued patent and one approved patent in the U.S., and 86 patent applications in China, the U.S. and other jurisdictions in relation to our drug candidates and the proprietary technologies of our ACE Platform.

Oncology

Oncology is one of our focused therapeutic areas. Our products in advanced clinical development stage include a PD-1/CTLA-4 bi-specific antibody (AK104), a PD-1 antibody (penpulimab (AK105)) and a PD-1/VEGF bi-specific antibody (AK112). We believe that some of these candidates have the potential to become first-in-class or best-in-class therapies, as well as either important components or backbone of combination therapies:

- AK104, our novel, potential first-in-class PD-1/CTLA-4 bi-specific antibody, is designed to achieve preferential binding to tumor infiltrating lymphocytes rather than normal peripheral tissue lymphocytes. It has demonstrated the clinical efficacy of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies, together with a favorable safety profile that the combination therapy of PD-1 and CTLA-4 monoclonal antibodies has failed to offer. Based on our preliminary clinical data, lower incidence of treatment-related adverse events (13.0% ≥ Grade 3 TRAE in all dose levels) was observed in AK104, as compared with the nivolumab and ipilimumab combination therapy according to published data. Although not head-to-head versus our AK104, the combination therapy of nivolumab and ipilimumab revealed the incidence rate of ≥ Grade 3 TRAEs of 33% to 59% in selected trials. Following the first-in-human Phase Ia/Ib study in Australia, AK104 is in Phase Ib/II and Phase II studies in China across multiple tumor types. Based on the current clinical development plan and our fast-to-market strategy, we expect to file the first NDA of AK104 in China for cervical cancer in the second half of 2021. We have received an IND approval from the FDA for evaluating AK104 in March 2019. In January 2020, we received the written consent from the FDA regarding the overall study design of a planned registrational trial in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for cervical cancer via the accelerated approval pathway;

- Penpulimab (AK105), our differentiated, potential best-in-class PD-1 monoclonal antibody, is being developed under our Sino Biopharm Collaboration and is differentiated from all of the currently marketed PD-1 antibodies as it removes the undesirable fragment crystallizable (Fc)-receptor-mediated effector function. This differentiation allows penpulimab (AK105) to achieve the strong efficacy and safety profile demonstrated to date in the clinical trials. Under our collaboration with Sino Biopharm which has one of China's largest pharmaceutical sales forces, penpulimab (AK105) is the only PD-1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy, including combination with Chia Tai Tianqing's anlotinib, an approved novel multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis. We have initiated seven clinical studies for penpulimab (AK105) in Australia and China, including five on-going registrational trials in China with a focus on combination trials with anlotinib, and expect to submit the first NDA for penpulimab (AK105) for relapsed or refractory classic Hodgkin's

lymphoma in China around mid-2020 based on the current clinical development plan. We have received two IND approvals from the FDA for evaluating penpulimab (AK105) in March and April 2018, respectively; and

- AK112, our potential first-in-class PD-1/VEGF bi-specific antibody, has strong scientific rationale and potential to be a better PD-1-based next-generation therapy with clear evidence from the combination of anti-PD-1 and anti-angiogenesis therapy. AK112 is in Phase I clinical study for the treatment of solid tumors in Australia and the first patient was enrolled in October 2019. We have obtained IND approval from FDA in June 2019 and plan to initiate a Phase I clinical study of AK112 in the U.S.

Immunology and other therapeutic areas

We have strategically developed an expertise in immunology since our inception, which positions us well to capture China's underserved and growing autoimmune disease market. To date, we have become a leading company in China in terms of the number of next-generation monoclonal antibodies under in-house development and have one of the richest innovative biologics pipelines targeting autoimmune diseases among China-based biopharmaceutical companies. In this therapeutic area, we have two drug candidates currently in clinical trials, one drug candidate with IND approved in Australia (AK120, an IL-4R antibody) and one more in IND-enabling stage (AK114, an IL-1 beta antibody). Our product candidates in clinical trials in this area are an IL-12/IL-23 monoclonal antibody (AK101) and an IL-17 monoclonal antibody (AK111):

- AK101 is potentially the first domestically-developed monoclonal antibody against the validated second-generation autoimmune disease target IL-12/IL-23, which is superior in efficacy, safety and ease of use to the first-generation target, tumor necrosis factor (TNF-α). This has been demonstrated by the huge success of Stelara (ustekinumab), which is the only approved IL-12/IL-23 agent and generated a global sales of US$6.4 billion in 2019. We have completed a Phase I and a Phase II clinical trials, and are currently conducting Phase IIb clinical trial, of AK101 in moderate to severe psoriasis patients in China. Based on the current clinical development plan, we expect to initiate a Phase III trial for moderate to severe psoriasis in the first half of 2021 and file the first NDA for AK101 in the second half of 2022. We may potentially expand our evaluation of AK101 into additional indications such as systemic lupus erythematosus (SLE) and ulcerative colitis (UC), in addition to psoriasis. We have also received IND approval from the FDA for evaluating AK101 for the treatment of UC in the U.S. in October 2019; and

- AK111 is also a monoclonal antibody against a second-generation autoimmune disease target IL-17. This target has been validated by the success of Cosentyx (secukinumab) (IL-17), which recorded a global sales of US$3.6 billion in 2019. In addition to psoriasis, we may potentially expand our evaluation of AK111 into additional indications such as ankylosing spondylitis (AS) and axial spondyloarthritis (axSpA). We have completed a Phase I clinical trial of AK111 in New Zealand. We have also obtained an IND approval for psoriasis in China and plan to enroll patients in a Phase Ib trial in the first half of 2020.

In addition to oncology and immunology, we have several compounds targeting diseases in other therapeutic areas. For instance, we have discovered and are developing ebronucimab (AK102) (PCSK9) in collaboration under a joint venture agreement with Dawnrays Pharma, which has strong commercialization capabilities in the cardiovascular therapeutic area. Our ebronucimab (AK102) may potentially be the first domestically-developed PCSK9 inhibitor marketed to the substantial cardiovascular patient population in China. We have completed a Phase I study of ebronucimab (AK102). We have enrolled the patients in two Phase II clinical studies for the treatment of homozygous familial hypercholesterolemia (HoFH) and heterozygous familial hypercholesterolemia (HeFH) in China and we have initiated a Phase II clinical study for hyperlipidemia and will enroll patients in the near future.

Our ACE Platform also possesses robust in-house manufacturing capability that is compliant with international GMP standards regulated by the NMPA, the FDA and the EMA. We built the first biologics manufacturing facility in South China incorporating GE FlexFactory technology with central control system in 2016, which allows us to quickly scale up or switch production between various drug candidates with minimal turnaround time and lower operating cost. Since then, we have established nearly four years of successful manufacturing track record by producing our nine internally-developed clinical-stage antibody drug candidates in-house. Our Zhongshan manufacturing facility occupies approximately 3,200 square meters of floor space and currently features 1,700 L of bioreactor capacity. It is estimated to house a total of 3,700 L capacity, as we are in the process of integrating two additional 1,000 L bioreactors to meet our increasing production needs. In addition, we are building a new manufacturing facility in Guangzhou on a piece of land of 56,573 square meters that is estimated to house up to a total of 40,000 L bioreactor capacity. This includes the first phase of the construction on this land featuring up to eight 2,000 L bioreactors for a total capacity of 16,000 L, which we expect completion of installation and commencement of operation by the end of 2020.

We have utilized the scientific strengths of our clinical assets, and our management relationships, to conduct business development activities that maximize the commercial value of our products. This is demonstrated by our successful out-licensing to Merck, our commercialization partnership through the Sino Biopharm Collaboration, and our joint venture with Dawnrays Pharma.

We are led by our senior management team with significant R&D and commercialization experience and a proven track record. Our senior management shares the vision to become a global leader in the biopharmaceutical industry and is committed to implementing our global development and commercialization strategies. Looking beyond our mission to develop and commercialize first-in-class and best-in-class therapies in China, we continuously explore clinical development and commercialization opportunities outside of China, with the aim to maximize the therapeutic value and potential of our products both in China and globally.

OUR STRENGTHS

Our vision is to become a global leader in discovering, developing and commercializing innovative, next-generation, and affordable therapeutic antibodies for patients worldwide. To that end, since our inception in 2012, we have developed one of the richest and most diversified antibody drug pipelines in China covering over 20 drug development programs, including 12 in clinical-stage development. We believe that these discovery and development capabilities serve as the foundation for our strengths below.

Potential next-generation, first-in-class bi-specific PD-1/CTLA-4 immuno-oncology backbone drug (AK104)

AK104 is a bi-specific antibody drug candidate that simultaneously targets both PD-1 and CTLA-4. It is currently in Phase Ib/II and Phase II clinical trials in China and Australia for multiple indications. We are currently in the process of initiating clinical trials in the U.S. To date, we believe that the key strengths of our AK104 are:

(1) higher avidity by design for PD-1 and CTLA-4 in tumor micro-environment versus normal peripheral sites;

(2) robust efficacy observed in trials with heavily pre-treated cancer patients;

(3) potentially lower toxicity than PD-1 and CTLA-4 combination therapy; and

(4) clear and focused clinical trial development plan that allows for rapid approval in a variety of indications and pursuit of large market opportunities.

AK104 has exhibited promising safety and efficacy results in initial human clinical trials for application in monotherapy and combination therapies. We have received IND approval from the FDA to begin a Phase Ib/II clinical trial in the United States for the use of AK104 as monotherapy for advanced or metastatic solid tumors in March 2019, as well as a combination trial with other agents for solid tumors.

Immune checkpoint inhibitors including PD-1 and CTLA-4 antibodies have revolutionized cancer therapy, and combination therapies have shown synergistic efficacy in a range of tumor types. However, their use has been limited by toxicity. Because PD-1 and CTLA-4 predominantly co-express in tumor-infiltrating lymphocytes, AK104 has been designed with higher avidity in the tumor microenvironment while sparing peripheral T-cells, thereby retaining efficacy in the tumor site while lowering toxicity outside the tumor.

We commenced a Phase Ia/Ib trial for AK104 in Australia in October 2017 in patients with solid tumors, and Phase Ib/II and Phase II trials in China as monotherapy in patients with various types of solid tumors and in combination with the chemotherapy regimen (mXELOX) in patients with 1L gastric or gastroesophageal junction (GEJ) adenocarcinoma. Data collected from preliminary clinical studies have demonstrated a favorable safety profile and promising efficacy of AK104, in comparison with the combination therapy using nivolumab and ipilimumab, based on data compiled by Frost & Sullivan. In our Phase Ib/II trial for AK104, objective responses (all partial responses) were observed in three of the twelve patients with advanced cervical cancer (25%), and ten of 16 patients with gastric or GEJ adenocarcinoma (62.5%). In addition, only 13.2% patients among 68 patients in our Phase Ib/II trial had treatment-related adverse events ≥ Grade 3 at 6.0mg/kg every two weeks, and our safety data also shows that AK104 can be given safely to patients at a dose level of up to 10.0 mg/kg every two weeks.

The below table summarizes adverse events as of their respective data cut-off dates both (i) across all AK104 monotherapy cohorts, (ii) at a dose level of 6mg/kg every two weeks, and (iii) at a dose level of 450mg every two weeks.

Categories	**All dose levels (N = 184)**	**6mg/kg Q2W (n = 101)**	**450mg Q2W (N=50)**
Any TRAE	124 (67.4%)	75 (74.3%)	29 (58.0%)
≥ Grade 3 TRAE	24 (13.0%)	10 (9.9%)	9 (18.0%)
Any irAE	68 (37.0%)	44 (43.6%)	15 (30.0%)
≥ Grade 3 irAE	13 (7.1%)	6 (5.9%)	5 (10.0%)
Treatment-related SAE	22 (12.0%)	9 (8.9%)	7 (14.0%)
TRAEs leading to discontinuation	12 (6.5%)	6 (5.9%)	6 (12.0%)
TRAE leading to death	0	0	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event

Source: Company data

By contrast, nivolumab and ipilimumab combination therapy has shown relatively higher toxicity in clinical studies even at lower dosages, which was observed from the clinical data set forth in the below table, and thus it may limit the full potential of the combination therapy.

Categories*	Checkmate-214 RCC[(1)] (Nivo 3mg/kg +Ipi 1 mg/kg)	Checkmate-067 Melanoma[(2)] (Nivo 1mg/kg +Ipi 3 mg/kg)	Checkmate-227[(3)] (Nivo 3mg/kg +Ipi 1 mg/kg Q6W)
TRAE	93%	96%	77%
≥ Grade 3 TRAE	46%	59%	33%
irAE	90%	Not reported	Not reported
≥ Grade 3 irAE	27%	Not reported	Not reported
Treatment-related SAE	Not reported	48.6%	Not reported
Drug-related AE leading to discontinuation	22%	39%	18%

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event; RCC = renal cell carcinoma; Nivo = nivolumab; Ipi = ipilimumab

Source:

(1) Motzer RJ, NEJM 2015; NICE 2018; https://www.nice.org.uk/guidance/ta581/documents/committee-papers

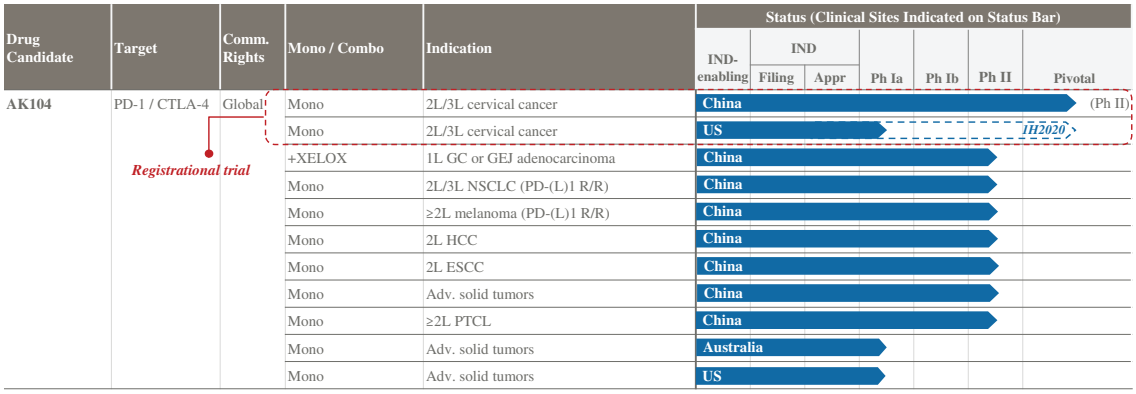
(2) Wolchok, JD, NEJM 2017.

(3) Solange P, ESMO 2019.

* Please refer to "Industry Overview" for more information on the safety data of nivolumab and ipilimumab combination therapy.

We believe that meaningful insight in support of our design for AK104 can be drawn from the comparison even though these were not head-to-head trials.

To capitalize on the significant market opportunity in China and globally, we have progressed AK104 into multiple clinical studies. We have strategically chosen to conduct single-arm registrational trials for conditional approval of AK104 for cancer indications with few or no effective treatment options for heavily pre-treated patients, such as cervical cancer, in China and globally. We also plan to conduct Phase II trials for microsatellite instability-high (MSI-H) solid tumors and nasopharyngeal carcinoma (NPC) to explore their potential for accelerated approval. Moreover, we are evaluating AK104 for major cancer indications, such as gastric cancer, hepatocellular carcinoma (HCC) and non-small cell lung cancer (NSCLC), as well as in patients with PD-(L)1 relapsed/refractory diseases, including those with lung cancer and melanoma. Assuming the ongoing Phase II trial results remain positive, we expect to pursue global Phase III development of AK104 for an array of cancer indications. We also plan to explore AK104's potential as a backbone drug for combination therapies. The table below summarizes our ongoing trials for AK104.



Registrational stage PD-1 antibody drug candidate (penpulimab (AK105)) targeting large indications, supported by a development and commercialization partnership under Sino Biopharm Collaboration

Penpulimab (AK105) is a late-stage, differentiated and potentially best-in-class PD-1 monoclonal antibody drug candidate. We believe the key strengths of penpulimab (AK105) include:

(1) differentiated structure design that (i) removes Fc-receptor-mediated effector function to increase anti-tumor activities and (ii) leads to slower off-rate and better receptor occupancy;

(2) strong efficacy data and favorable safety profile observed in clinical trials;

(3) being the only PD-1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy (such as the combination with Chia Tai Tianqing's anlotinib) and currently in late-stage clinical development for an array of major indications; and

(4) commercialization plan under the Sino Biopharm Collaboration which will leverage Sino Biopharm's strong sales team of about 12,000 professionals.

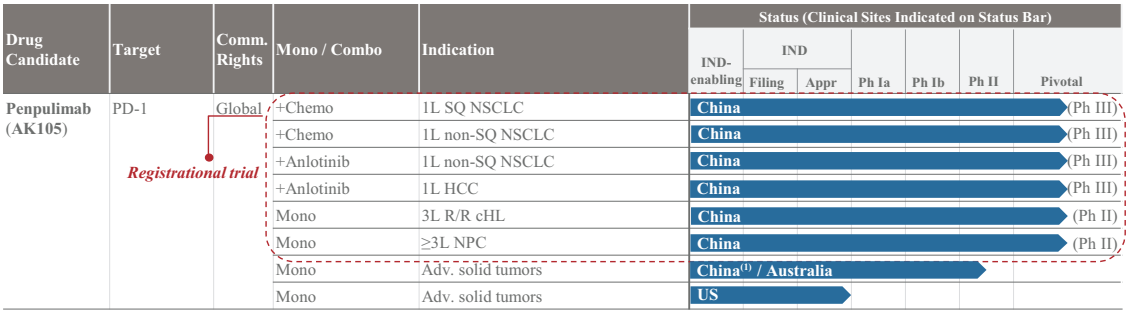
Based on our Phase II preliminary clinical data and leveraging our exclusive Sino Biopharm Collaboration, we have commenced two Phase III clinical trials of penpulimab (AK105), both in combination with Chia Tai Tianqing's anlotinib, an approved novel multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis, one for the first-line treatment of HCC, and the other for the first-line treatment of non-squamous NSCLC. Both of these trials are the first and only Phase III trials for chemo-free combination therapies of a PD-1 antibody and anlotinib. In addition, penpulimab (AK105) is also in Phase III trials in China for the first-line treatment of both squamous and non-squamous NSCLC in combination with chemotherapy. These large indications represent significant unmet medical needs and sizable addressable markets. We believe that penpulimab (AK105) has the potential to become a main treatment option for these indications in China, by offering an important chemo-free

treatment option in combination with anlotinib and by being amongst the first batch of PD-1 antibody drug candidates to be approved in China for such indications. If clinical data are positive, we expect to submit NDAs for penpulimab (AK105) for the treatment of squamous NSCLC, non-squamous NSCLC and HCC in the second half of 2021, 2022 and the second half of 2022, respectively.

Penpulimab (AK105) is also in two Phase II registrational trials in China as monotherapy for the treatment of relapsed/refractory classical Hodgkin's lymphoma (cHL) and ≥3L nasopharyngeal cancer (NPC), and the CDE has granted pivotal trial status to penpulimab (AK105) for these indications. If clinical data are positive, we expect to submit NDAs for penpulimab (AK105) for the treatment of cHL and NPC in mid-2020 and the first half of 2021, respectively.

Penpulimab (AK105) has shown a differentiated and potentially superior efficacy and safety profile compared to existing PD-1 antibody therapies based on our pre-clinical and clinical data. Penpulimab (AK105) has demonstrated a slower PD-1 antigen binding off-rate than pembrolizumab and nivolumab and a higher receptor occupancy rate than nivolumab, suggesting a potentially more favorable efficacy profile. Penpulimab (AK105) also effectively eliminates undesirable fragment crystallizable (Fc)-receptor-mediated effects, including T-cell-targeted antibody-dependent cellular cytotoxicity (ADCC) and antibody-dependent cellular phagocytosis (ADCP); such elimination has been shown to improve the anti-tumor activity of PD-1 antibodies. Penpulimab (AK105) has also shown robust clinical efficacy in Phase Ia clinical trials in late-stage, hard-to-treat cancer patients, such as pancreatic and liver cancer patients. Among 14 heavily pre-treated patients with advanced solid tumors in our Phase Ia dose-escalation trial for penpulimab (AK105), four patients exhibited durable partial response and four more exhibited a durable stable disease, indicating an objective response rate of 28.6% and a disease control rate of 57.1%. In the subsequent Phase Ib dose-expansion trial for penpulimab (AK105), among 65 patients, 12 patients exhibited partial response and 19 more patients exhibited a durable stable disease, achieving an objective response rate of 18.5% and a disease control rate of 47.7%.

An extensive sales network is critical for the successful commercialization of PD-1 antibody therapies in China. To enable the strong commercialization of penpulimab (AK105), we have formed a joint venture with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm. Sino Biopharm is a leading Chinese biopharmaceutical company with one of China's largest pharmaceutical sales forces of about 12,000 sales professionals. This joint venture will provide us with access to Chia Tai Tianqing's strong commercial infrastructure and sales team. The table below summarizes our ongoing trials for penpulimab (AK105).



Note: (1) The clinical trial of penpulimab (AK105) in China for the treatment of advanced solid tumors is no longer recruiting patients.

Potential first domestically-developed monoclonal antibody drug candidate (AK101) against a validated second-generation autoimmune disease target

AK101 is potentially going to be the first domestically-developed monoclonal antibody drug candidate to be approved that targets IL-12/IL-23. AK101 has the same target as Johnson & Johnson's Stelara (ustekinumab), which is currently one of the major treatments for psoriasis, psoriatic arthritis, Crohn's disease, and UC worldwide. In addition, Stelara has shown promising data in lupus clinical trials. Stelara generated US$5.2 billion in global sales in 2018 and was fourth best-selling drug for autoimmune diseases worldwide in 2018. To date, we have demonstrated the following strengths for AK101:

(1) efficacy in line with or potentially greater than ustekinumab;

(2) a potential best-in-class dosing profile versus tumor necrosis factor-α agents; and

(3) a differentiated safety profile versus anti-TNF-α agents with zero SAEs in our trials to date.

Autoimmune diseases, including psoriasis, lupus and UC, are underserved due to a lack of effective and affordable therapies in China, but recent drug launches have demonstrated the significant market potential and we expect the ongoing growth of the market. According to Frost & Sullivan, the prevalences of psoriasis, SLE and UC in China were approximately 6.6 million, 1.0 million and 0.3 million, respectively, in 2018. However, market penetration and treatment compliance with biologics therapies for autoimmune diseases remain low in China as compared to the U.S. We believe that AK101 will be well-positioned to capture the high unmet needs for effective and affordable autoimmune disease therapies and capture a significant portion of the large yet underserved Chinese market for such drugs. In particular, AK101 may allow for a less frequent dosing schedule (approximately a single dose every 12 weeks) to enhance patient compliance as compared to therapeutic biologics against other targets. Based on internal and published clinical data, AK101 also may have a better safety profile as compared to anti-TNF-α inhibitors.

We are evaluating AK101 for the treatment of psoriasis, lupus and UC in China. We have completed Phase I and II clinical trials of AK101 in China to treat psoriasis in May 2019 and commenced a Phase IIb clinical trial. We also expect to enroll patients in a Phase III trial for psoriasis in the first half of 2021 and submit the NDA to the NMPA in the second half of 2022. We plan to enroll patients in Phase Ib clinical trials for AK101 for the treatment of UC and SLE in the first half of 2020 and the second half of 2020, respectively. We have obtained the IND approval from the FDA in October 2019 for a clinical trial of AK101 for the treatment of UC in the United States. We plan to seek a global partner for the joint development of AK101 globally in the future. The table below summarizes our ongoing trials for AK101.

Drug Candidate	Target	Comm. Rights	Mono / Combo	Indication	Status (Clinical Sites Indicated on Status Bar)						
					IND-enabling	IND Filing	IND Appr	Ph Ia	Ph Ib	Ph II	Pivotal
AK101	IL-12 / IL-23	Global	Mono	Moderate-to-severe plaque psoriasis[1]	China						
			Mono	Moderate-to-severe UC	China						
			Mono	SLE	China						
			Mono	Moderate-to-severe UC	US						

Note: (1) Phase IIb.

Potential first domestically-developed PCSK9 antibody (ebronucimab (AK102)) targeting hypercholesterolemia

Ebronucimab (AK102) is potentially going to be the first domestically-developed PCSK9 drug candidate marketed to the significant cardiovascular patient population in China. Ebronucimab (AK102) is being developed for the treatment of acquired and inherited hyperlipidemias, including HoFH, HeFH, and hypercholesterolemias patients with atherosclerotic cardiovascular disease. When used in addition to or in the place of statin drugs, PCSK9 inhibitors (Amgen's Repatha (evolocumab) and Sanofi/Regeneron's Praluent (alirocumab)) have demonstrated efficacy in dramatically reducing cholesterol and decreasing the incidence of heart attack or stroke in patients. Ebronucimab (AK102) has the same target as evolocumab and alirocumab. According to Frost & Sullivan, Repatha (evolocumab) and Praluent (alirocumab) collectively experienced a rapid increase in global sales from US$20 million in 2015, when they were launched, to US$858 million in 2018, representing a CAGR of 250.2%.

Ebronucimab (AK102) has exhibited more robust results in pharmacodynamic and efficacy aspects compared to marketed PCSK9 antibody drug. As a result, we believe that ebronucimab (AK102)'s potential advantages over competing therapies could make it the market leader in the treatment of hyperlipidemias, HoFH, HeFH and hypercholesterolemia in China, addressing a large patient pool and capturing significant market share in this sector.

According to Frost & Sullivan, the number of hypercholesterolemia patients in China increased at a CAGR of 4.3% from 69.8 million in 2014 to 82.6 million in 2018, and is expected to further increase to 99.2 million in 2023 and 116.7 million in 2030. Furthermore, as of 2018, approximately 38.5% of hypercholesterolemia patients in China were intolerant to

statin drugs. Frost & Sullivan expects the market size for PCSK9 inhibitors to grow from US$4.5 million in 2019 to US$1.3 billion in 2030 in China, and from US$900 million in 2018 to US$10.6 billion in 2030 globally.

We have discovered and are developing ebronucimab (AK102) in collaboration under a joint venture agreement with Dawnrays Pharma, which has strong commercialization capabilities in the cardiovascular therapeutic area. We have completed a Phase I dose escalation clinical trial of ebronucimab (AK102) in healthy volunteers in China in November 2018. We enrolled the first patients in two Phase II clinical trials in China for ebronucimab (AK102) to treat HoFH and HeFH in May and December 2019, respectively. We also plan to enroll the first patient in one additional Phase II clinical trial in China for hypercholesterolemia patients with a risk of cardiovascular disease in the first half of 2020. The table below summarizes our ongoing trials for ebronucimab (AK102).

Drug Candidate	Target	Comm. Rights	Mono / Combo	Indication	Status (Clinical Sites Indicated on Status Bar)						
					IND-enabling	IND		Ph Ia	Ph Ib	Ph II	Pivotal
						Filing	Appr				
Ebronucimab (AK102)	PCSK9	Global	+Statin / Ezetimibe	HoFH	**China**						
			+Statin / Ezetimibe	HeFH	**China**						
			+Statin / Ezetimibe	Hypercholesterolemia	**China**						

Strong in-house R&D capability through ACE Platform endorsed by our Merck licensing arrangement

Our ACE Platform combines several proprietary technologies and encompasses comprehensive and the state-of-the-art therapeutic antibody development functionalities, from drug discovery to manufacturing. The full integration of essentially all development functions enables us to carry out seamless technology transfer from discovery to CMC to manufacturing. For instance, our drug discovery team assesses the commercial viability of a drug candidate under CMC standards at the discovery stage, so that any issues can be addressed efficiently before the drug candidate progresses to the next development stage.

Our antibody discovery capabilities are driven by innovative technologies, such as our proprietary TETRABODY technology and our expertise in crystallography and structure-based antibody design and engineering which facilitate our antibody humanization and optimization. In addition to discovery, our CMC function also contributes to the successful build-up of our drug pipeline. Notably, our TETRABODY technology addresses major recurrent CMC challenges in the development and manufacture of bi-specific antibodies. For more details on our TETRABODY technology platform, please see "– Our Platform – Integrated In-house Discovery and Process Development – Our TETRABODY technology."

As evidence of the innovation capabilities of our research and development platform, we out-licensed AK107, our in-house discovered CTLA-4 antibody drug candidate, to Merck, a leading global pharmaceutical company, in November 2015, whose designation for AK107 is MK-1308. According to Frost & Sullivan, this ground-breaking collaboration was the first and

remains, to date, the only time Merck in-licensed a product in its core business segment from a Chinese biopharmaceutical company. Pursuant to this agreement, we expect to receive a total amount of up to US$200 million in upfront payment with future milestone payments. In July 2017, Merck initiated a Phase I clinical trial in the United States for a combination therapy using MK-1308 and pembrolizumab for the treatment of 1L NSCLC and 2L SCLC. As of December 31, 2019, we received upfront and milestone payments of US$20 million from Merck.

Given the efficiency and productivity of our research and development platform, we have generated a rich pipeline of over 20 drug development programs, with 12 drug candidates currently in clinical stage. According to Frost & Sullivan, as of the Latest Practicable Date, we ranked third among China-based biopharmaceutical companies in terms of the number of innovative monoclonal antibody drug candidates in clinical trials listed on ClinicalTrials.gov.

Proven manufacturing capability in compliance with international GMP standards

We develop and manufacture all of our drug candidates in-house, which gives us greater control over the production process of our drug candidates, thereby increasing our production efficiency, reducing costs, and allowing us to effectively manage our development processes and schedules.

We built our manufacturing facility in Zhongshan in 2016 and operate it in accordance with international GMP standards regulated by the NMPA, the FDA and the EMA. This facility was the first in South China to incorporate GE FlexFactory single-use bioreactor technology, which allows us to quickly scale up or switch production between various drug candidates with minimal turnaround time and lower operating cost. Since 2016, we have built nearly four years of successful track record of producing nine clinical-stage antibody drug candidates.

Visionary and experienced management team with proven track record of success

We are led by our visionary and experienced management team with a proven track record in pharmaceutical R&D and commercialization. Our senior management team has extensive experience in multinational pharmaceutical companies, strong expertise particularly in antibody discovery and development, a deep and local knowledge of the Chinese pharmaceutical industry and regulatory environment, and relationships with leading multinational and local pharmaceutical companies that enable us to maximize the commercial value of our platform and portfolio.

Our Group is led by our visionary key-founder, chairwoman of the Board, president and chief executive officer, Dr. XIA, a well-respected scientist and entrepreneur with over 26 years of experience in the pharmaceutical industry and academic research. Prior to founding our Group, Dr. XIA held senior leadership roles (including senior vice president) at Crown Bioscience, where she played a decisive role in constructing Crown's business platform, building its team, setting and implementing its strategies, and forging its joint venture with Pfizer (the Pfizer-Crown Asian Cancer Research Centre). This cross-border collaboration

pioneered and resulted in a multinational pharmaceutical company's fully localized development of an antibody drug candidate in China. Prior to that, Dr. XIA was a senior scientist and group leader at PDL BioPharma (later acquired by AbbVie) and was also a senior process development scientist at Bayer Corporation in the U.S. At both PDL BioPharma and Bayer, Dr. XIA oversaw CMC, process development and manufacturing of therapeutic protein and antibody drugs. Dr. XIA began her pharmaceutical career at Axys Pharmaceuticals (later acquired by Celera Genomics), where she held both scientific and managerial roles in drug discovery programs, overseeing a broad range of activities from target validation through IND-enabling studies. Dr. XIA's proven track record and extensive experience in the pharmaceutical industry provide strong leadership that is critical to our success.

Dr. XIA has published numerous articles in peer-reviewed journals. She is also the grantee of 16 issued patents and pending patent applications. Over the years, Dr. XIA has served important roles in numerous influential organizations, including a member of the Special Committee for Monoclonal Antibody of the China Medicinal Biotech Association, a committee member of the Special Committee for Science and Technology Innovation of China Overseas Returnee Entrepreneur Investment Association, an advisory committee member of the Chinese Antibody Society, and a director of Tongxieyi Antibody Talent Club. Dr. XIA has also received numerous awards and recognitions for her contributions to both the pharmaceutical industry and commercial enterprises, such as "The Seventh National Overseas Returnee Contributions Award" in June 2018, and the Innovative and Entrepreneurial Talent awarded by the Ministry of Science and Technology of the PRC in March 2014. In July 2015, Dr. XIA and her team were awarded the "Top Chinese Overseas Returnee Start-up Company" by the Overseas Chinese Affairs Office of the State Council, and Dr. XIA was also recognized for her role as the team leader of selected innovation and entrepreneurial team winners of the Pearl River Talents Scheme of Guangdong Province in April 2018.

Dr. LI Baiyong, our co-founder, senior vice president and chief scientific officer, has over 20 years of experience in the pharmaceutical industry. He conducted research in the field of immunology along with Dr. Richard Flavell, a world-renowned immunologist, department head of immunology at Yale University and member of the U.S. National Academy of Sciences, with the focus of his studies in the field of T cell immunology. Dr. Li was previously a senior scientist and research director at Pfizer focused on oncology research for over twelve years, and led a series of key innovative immuno-oncology therapy projects.

Mr. XI Xiaojie, our chief financial officer, brought to our Company a wealth of financing and investment experience, and extensive relationships in the healthcare industry. He has over 15 years of financial industry experience in the U.S. and China, including investment banking and private equity investment with many public and private companies. Prior to joining us, he was a director at SIN Capital (HK) Limited, focusing on investments in healthcare industry in China, and was an investment banker at Morgan Stanley, Credit Suisse and CLSA executing high profile transactions, including IPOs, debt and equity financings and M&As for leading companies in China.

We believe that the experience and expertise of our senior management team will be critical for the continued success of our Company.

OUR STRATEGIES

We intend to leverage our ACE Platform to capitalize on the significant growth potential of the market for innovative antibody therapeutics globally. In order to achieve that goal, we plan to execute the following key strategies:

Rapidly advance our clinical programs for pipeline products towards commercialization

We plan to leverage our expertise in clinical study design and navigating complex regulatory systems to complete the clinical trials for our drug candidates and to expedite their commercialization.

We are implementing a comprehensive clinical development strategy in China, the United States and Australia for our four core drug candidates targeting an array of indications (AK104 (PD-1/CTLA-4), penpulimab (AK105) (PD-1), AK101 (IL-12/IL-23) and ebronucimab (AK102) (PCSK9)). Our clinical development strategy consists of multiple layers of efforts to maximize the clinical and business potential of our core drug candidates:

- Fast-to-market strategy: For AK104 (PD-1/CTLA-4) and penpulimab (AK105) (PD-1), we have strategically chosen to conduct clinical trials for conditional approval for treatment of cancer indications with few or no effective treatment options for heavily pretreated patients, such as cervical cancer, microsatellite instability-high (MSI-H) solid tumors, classic Hodgkin lymphoma (cHL) and nasopharyngeal cancer (NPC), in order to accelerate the timetable for regulatory approval and commercial launch. Under this strategy, we may be able to submit the first NDA of penpulimab (AK105) around mid-2020 and the first NDA of AK104 in the second half of 2021.

  In addition, we plan to apply for orphan drug designation from the NMPA for ebronucimab (AK102), potentially the first domestically-developed PCSK9 monoclonal antibody to reach the market in China, for the treatment of HoFH.

- Major indications: We are also committed to developing our biologics including AK104, penpulimab (AK105) and ebronucimab (AK102) for indications with large patient population, such as gastric cancer, HCC, NSCLC and hypercholesterolemia.

  - AK104: Given the encouraging clinical results from the combination therapy of nivolumab plus ipilimumab and the promising efficacy signals observed in our preliminary clinical trials of AK104, we have commenced various Phase Ib/II studies to evaluate AK104 for gastric cancer, NSCLC and HCC, including AK104 combination with chemotherapy for 1L gastric cancer, and AK104 combination with TKI for 1L HCC.

- Penpulimab (AK105): Based on our Phase II preliminary clinical data and leveraging our exclusive Sino Biopharm Collaboration, we have commenced two Phase III clinical trials of penpulimab (AK105), both in combination with Chia Tai Tianqing's anlotinib, an approved novel multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis, one for the first-line treatment of HCC, and the other for the first-line treatment of non-squamous NSCLC. Both of these trials are the first and only Phase III trials for combination therapies of a PD-1 antibody and anlotinib. In addition, penpulimab (AK105) is in Phase III trials in China for the first-line treatment of both squamous and non-squamous NSCLC in combination with chemotherapy.

- Ebronucimab (AK102): We have completed a Phase I dose escalation clinical trial of ebronucimab (AK102) in healthy volunteers in China in November 2018. We enrolled the first patients in two Phase II clinical trials in China to treat HoFH and HeFH in May and December 2019, respectively. We also plan to enroll the first patient in one additional Phase II clinical trial in China for hypercholesterolemia patients with a risk of cardiovascular disease in the first half of 2020.

These large indications represent significant unmet medical needs and sizable addressable markets.

- Unmet medical needs: We strategically devote resources to developing our drug candidates for those diseases with significant unmet medical needs. With PD-1 antibody becoming a standard of care across a range of tumor types, our AK104 (PD-1/CTLA-4) is designed to offer help to PD-1/PD-L1 relapsed/refractory cancer patients. Our development of AK101 is aimed at the treatment of autoimmune diseases that lack safe and effective treatment options, including psoriasis, lupus and UC.

- Combination therapy: We continue to explore combination therapies using our drug candidates with targeted therapies or chemotherapies, which have the potential to deliver better clinical outcome as compared to monotherapy. In particular, we are currently conducting clinical trials of penpulimab (AK105) in combination with Chia Tai Tianqing's anlotinib for the first-line treatment of HCC and non-squamous NSCLC, and expect to also evaluate this chemo-free combination therapy for more cancer indications. We also plan to explore AK104's potential as a backbone drug for combination therapies in treatment of HCC and gastric cancer.

We also intend to progress the clinical trials for our three early clinical-stage drug candidates (AK111 (IL-17), AK109 (VEGFR-2) and AK112 (PD-1/VEGF)), by leveraging the clinical and regulatory expertise gained so far in developing our late-stage core drug candidates.

Expand our clinical programs internationally, especially in the U.S. and Australia

Consistent with our vision to become a leading global biopharmaceutical company, we plan to continue to leverage and maximize the value of our rich pipeline to which we own global development and commercialization rights. We are implementing, and plan to further expand, our comprehensive clinical development strategy internationally, especially in the United States and Australia.

Our clinical development efforts beyond China will allow us to broaden the potential markets for our future approved drug candidates. In parallel with our ongoing clinical trials in China and Australia, we have received IND approvals in the United States for AK104, penpulimab (AK105), AK101 and AK112.

Continue to seek value accretive partnership opportunities to advance our product development

Following on the success of our existing collaboration arrangements, we intend to actively seek collaboration opportunities with global and domestic pharmaceutical companies, including out-licensing and co-development opportunities. In addition, we also intend to seek attractive co-commercialization opportunities with partners in order to maximize the value of our assets on a global scale. We believe that these types of collaborations bring substantial synergy to the advancement and commercialization of our products. We may also explore opportunities to in-license drug candidates that are complementary to our pipeline.

Continue to recruit, retain and develop high quality talents

Our experienced leadership team, strong track record, competitive compensation and robust training and development program have enabled us to attract and retain highly talented professionals with a passion for building a career in the biopharmaceutical industry. To fully support our continued growth, we will continue to invest in attracting and retaining top talent, and we aim to expand our talent pool and enhance our capabilities in various aspects of our operations including clinical development and commercialization.

In particular, we plan to recruit more talents specialized in clinical development and sales and marketing of innovative therapeutics. Our robust product pipeline is built with our exceptional drug discovery and development expertise. To further strengthen this competitive advantage, we plan to continue to enhance the capabilities and capacity of our clinical development team both inside and beyond China, in order to advance our clinical development efforts and support regulatory affairs in our target markets. In addition, we plan to build a dedicated in-house sales team to execute our commercialization strategy in anticipation of our expected product launches in the near future.

Continue to enrich and advance our innovative product pipeline

Leveraging our strong in-house R&D capabilities, we will continue to discover and generate lead compounds to enrich our early-stage pipeline. We also plan to further advance our drug candidates in our pre-clinical programs. In addition to our clinical-stage drug candidates, we are also developing two innovative drug candidates with filed IND applications and three additional innovative IND-enabling drug candidates in a variety of therapeutic areas including oncology, immunology and others. These include potentially best-in-class and first-in-class innovative drug candidates against novel or validated high-value targets.

Continue to expand GMP-compliant manufacturing capabilities

We plan to strategically scale up our GMP-compliant manufacturing capacity, while improving manufacturing efficiency and cost effectiveness, in anticipation of our need for increased capacity to manufacture our drug candidates, once approved. In order to do so, we began construction of our Guangzhou facility in July 2019. The planned phase 1 stage of Guangzhou facility will provide us with at least an additional 16,000 L of bioreactor capacity. Upon the expected completion of its phase 1 stage in late 2020 or early 2021, we anticipate that our Guangzhou facility will be able to handle all stages of the manufacturing process and thereby creating an integrated manufacturing center that will provide production synergies and allow us to control manufacturing costs. We may further expand the production capacity of our Guangzhou facility to meet the growing needs of our business.

In the future, we may also explore other suitable sites suitable to further expand our manufacturing capacity at appropriate costs.

Build up our commercialization capabilities in China

As our current product pipeline approaches commercialization, we will build out our commercialization and distribution capabilities. We intend to establish an internal sales force over the next three years with extensive experience in our focused therapeutic areas. To supplement our internal sales force, we will also explore commercialization partnerships with other pharmaceutical players in China as well. Specifically, we will seek partnerships with recognized players in the Chinese pharmaceutical industry that will offer us access to established distribution channels, an experienced and sizable sales force and longstanding connections with relevant pharmaceutical market participants. In selecting commercialization partners, we will also evaluate their expertise in the relevant therapeutic area and familiarity with the regulatory approval process.

We have already entered into a number of strategic collaborations with partners to enhance our distribution channels in anticipation of approval for our drug candidates, including our joint venture with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm, to develop and commercialize penpulimab (AK105) (PD-1), and our joint venture with Dawnrays Pharma to develop ebronucimab (AK102) (PCSK9) and AK109 (VEGFR-2). We intend to continue to grow these collaborations, and to leverage the commercialization capabilities and distribution channels offered by our strategic partners to bring our products to market effectively and efficiently.

OUR DRUG CANDIDATES

Our ACE Platform which encompasses our in-house discovery, our TETRABODY technology and CMC capability, and adherence to global standard throughout the drug development process enables our products to function through optimized molecular structures and differentiated mechanisms of action.

Leveraging our ACE Platform, we have developed a rich pipeline of over 20 internally discovered drug programs, including clinical-stage, IND-enabling stage and discovery-stage drug candidates. These drug development programs cover a wide variety of carefully selected, both novel and validated therapeutic targets, and span multiple major therapeutic areas including oncology, immunology and others.

Among our drug development programs, we have 12 clinical-stage drug candidates, including nine drug candidates we are developing internally and three we have licensed out. We have licensed out a CTLA-4 monoclonal antibody (AK107) to Merck in 2015 and two other drug candidates to our commercial partners for continued clinical development in 2014 and 2016, respectively. The following chart summarizes the development status of our nine internally-developed, clinical-stage antibody drug candidates, and three selected IND-enabling stage drug candidates as of the Latest Practicable Date:

	Drug Candidate[1]	Target	Biologic Product Classification	Comm. Rights	Mono / Combo	Indication	Status (Clinical Sites Indicated on Status Bar)
							IND-enabling / IND: Filing / IND: Appr / Ph Ia / Ph Ib / Ph II / Pivotal
Oncology	**AK104***	PD-1 / CTLA-4	Category 1	Global	Mono	2L/3L cervical cancer†	China (Ph II)
					Mono	2L/3L cervical cancer	US 1H2020
			Registrational trial		+XELOX	1L GC or GEJ adenocarcinoma	China
					Mono	2L/3L NSCLC (PD-(L)1 R/R)	China
					Mono	≥2L melanoma (PD-(L)1 R/R)	China
					Mono	2L HCC	China
					Mono	2L ESCC	China
					Mono	Adv. solid tumors	China
					Mono	≥2L PTCL	China
					Mono	Adv. solid tumors	Australia
					Mono	Adv. solid tumors	US
	Penpulimab (AK105)**[2][3]	PD-1	Category 1	Global	+Chemo	1L SQ NSCLC	China (Ph III)
					+Chemo	1L non-SQ NSCLC	China (Ph III)
			Registrational trial		+Anlotinib	1L non-SQ NSCLC	China (Ph III)
					+Anlotinib	1L HCC	China (Ph III)
					Mono	3L R/R cHL†	China (Ph II)
					Mono	≥3L NPC	China (Ph II)
					Mono	Adv. solid tumors	China[2] / Australia
					Mono	Adv. solid tumors	US
	AK112*	PD-1 / VEGF	Category 1	Global	Mono	Adv. solid tumors	Australia
					Mono	Adv. solid tumors	US
	AK109***	VEGFR-2	Category 1	Global	Mono	Adv. solid tumors	China
	AK117	CD47	Category 1	Global	Combo	Oncology	Australia
	AK119*	CD73	Category 1	Global	Combo	Oncology	
	AK123	PD-1 / CD73	Category 1	Global	Mono	Oncology	
Immunology	**AK101***	IL-12 / IL-23	Category 1	Global	Mono	Moderate-to-severe plaque psoriasis[4]†	China
					Mono	Moderate-to-severe UC	China
					Mono	SLE	China
					Mono	Moderate-to-severe UC	US
	AK111	IL-17	Category 1	Global	Mono	Healthy volunteers	New Zealand
					Mono	Moderate-to-severe plaque psoriasis	China
					Mono	AS	China
	AK120	IL-4R	Category 1	Global	Mono	Atopic dermatitis, asthma	Australia
	AK114	IL-1 beta	Category 1	Global	Mono	Inflammatory disease	
Others	**Ebronucimab (AK102***)**	PCSK9	Category 1	Global	+Statin / Ezetimibe	HoFH†	China
					+Statin / Ezetimibe	HeFH	China
					+Statin / Ezetimibe	Hypercholesterolemia	China

Abbreviations: 1L = first-line; 2L = second-line; 3L = third-line; adv. = advanced; Appr = approved; AS = ankylosing spondylitis; cHL = classical Hodgkin's lymphoma; combo = combination therapy; Comm. = commercial; Esc = escalation; ESCC = esophageal squamous cell carcinoma; GC = gastric cancer; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; HeFH = Heterozygous familial hypercholesterolemia; HoFH = homozygous familial hypercholesterolemia; mono = monotherapy; NPC = nasopharyngeal carcinoma; NSCLC = non-small cell lung cancer; PTCL = peripheral T cell lymphoma; SLE = Systemic lupus erythematosus; R/R = relapsed/refractory; SQ = squamous; UC = ulcerative colitis.

Notes: (1) Core products (bold and underlined) include AK104, penpulimab (AK105), AK101 and ebronucimab (AK102). Our near term priorities (bold) include our core products, as well as AK111 and AK112. (2) In the same Phase III clinical trial in China, we are developing penpulimab (AK105) in combination with either chemotherapy or anlotinib for the treatment of non-squamous NSCLC. (3) The clinical trial of penpulimab (AK105) in China for the treatment of advanced solid tumors is no longer recruiting patients. (4) Phase IIb.

† Denotes the most advanced clinical trial of each core product candidate.

* Enlisted in National Major Scientific and Technological Special Project for "Significant New Drugs Development". Commercial rights of AK104 are owned by Akeso Pharma, a subsidiary of us, in which we hold 95% equity interest.

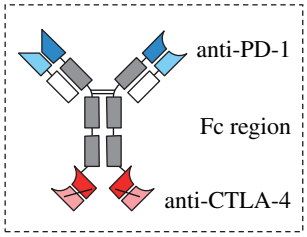
** Commercial rights of penpulimab (AK105) are owned by CTTQ-Akeso, a joint venture consolidated by us, in which we and Chia Tai Tianqing (subsidiary of Sino Biopharm) hold 50% equity interest each. Please refer to "– Collaboration Agreements – Joint Venture with Sino Biopharm" for details.

*** Commercial rights of ebronucimab (AK102) and AK109 are owned by AD Pharma, a subsidiary of us, in which we and Dawnrays Pharma (wholly-owned subsidiary of Dawnrays Pharmaceutical (Holdings Limited)) hold 65% and 35% equity interest, respectively. Please refer to "–Collaboration Agreements–Joint Venture with Dawnrays Pharma" for details.

Our Clinical-Stage Products

AK104 (PD-1/CTLA-4)

AK104 is a next-generation, potential first-in-class humanized tetrameric bi-specific antibody drug candidate that is based on our proprietary TETRABODY technology. AK104 simultaneously targets two validated immune checkpoint molecules: programmed cell death protein 1 (PD-1) and cytotoxic T-lymphocyte-associated protein 4 (CTLA-4). We have designed AK104 such that it could retain the efficacy benefit of the combination of PD-1 and CTLA-4 monoclonal antibodies and improve on the safety profile of the combination therapy. The diagram below illustrates the tetrameric structure of AK104:



AK104

Mechanism of Action

Both PD-1 and CTLA-4 are immune checkpoint molecules expressed on the surface of activated T-cells. Normally, they act to suppress the T-cell mediated immune response to prevent the immune system from attacking healthy cells in the body. In a tumor microenvironment, however, the activation of PD-1 and CTLA-4 pathways can help the cancer cells avoid being killed by T-cells.

Combination therapy of PD-1 and CTLA-4 antibodies shows synergistic anti-tumor activity but with dose-limiting toxicity

The combination therapy of PD-1 and CTLA-4 monoclonal antibodies has in recent years generated tremendous interest from the pharmaceutical industry. Combination therapy of ipilimumab (CTLA-4) and nivolumab (PD-1) has been reported to produce significantly improved overall response rate (ORR) among trial subjects as compared with nivolumab monotherapy in numerous cancer types. According to Frost & Sullivan, among other companies, Bristol-Myers Squibb has over a hundred ongoing clinical trials to evaluate the

combination of PD-1 and CTLA-4 antibodies in a wide range of indications and has observed encouraging anti-tumor activity from the combination trial. Treatment of advanced melanoma patients with both nivolumab and ipilimumab has been approved by the FDA and has shown significantly increased progression-free survival of trial subjects compared to monotherapy alone. In addition, we have recently observed an increasing number of marketing approvals of this combination in more cancer indications with the support of encouraging clinical trial results. For example, Bristol-Myers Squibb's combination therapy of nivolumab and ipilimumab received FDA approvals for first-line treatment of renal cell carcinoma (RCC) in April 2018 and for second-line treatment of microsatellite instability-high (MSI-H) or dMMR (deficient mismatch repair) metastatic colorectal cancer (CRC) in July 2018.

However, as shown in the clinical trial data, the increased anti-tumor activity from the combination therapy of PD-1 and CTLA-4 monoclonal antibodies was consistently associated with significantly increased dose-limiting treatment-related adverse events and toxicity compared with nivolumab monotherapy. The unsatisfactory safety profile of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies has largely limited its clinical potential and provides us with a compelling rationale for designing and developing an antibody drug candidate that simultaneously targets these two immune checkpoint molecules and while evading the combination therapy's seemingly innate toxicity issue.

Our goal has been to retain the combination therapy's efficacy benefit and at the same time establish a favorable safety profile as compared to the combination therapy. Leveraging our proprietary TETRABODY technology and superior in-house CMC capability, we have designed and produced AK104 as a novel tetravalent bi-specific antibody which we believe could achieve our goal of having preferential binding avidity for lymphocytes in tumor versus lymphocytes in periphery and will help achieve the sought-after synergistic efficacy of the combination of PD-1 and CTLA-4 monoclonal antibodies.

PD-1 and CTLA-4 co-express in tumor infiltrating lymphocytes (TILs), but not in normal peripheral tissue lymphocytes

Checkpoint molecules including CTLA-4, PD-1, LAG-3, TIM-3 and several others are known to co-express frequently on cancer-specific T cells, as well as on pathogen-specific T cells in chronic infections. CD8 T cells expressing PD-1 ($PD\text{-}1^+$ CD8 T cells) have been reported to demonstrate reduced capacity to proliferate and produce effector cytokines. Multiple checkpoint molecules, including CTLA-4, have been found to be co-expressed with PD-1 in CD8 TILs ($PD\text{-}1^+$ and $CTLA\text{-}4^+$) that are found inside tumors. A number of journal publications have reported the observation of PD-1 and CTLA-4 co-expression in tumor infiltrating lymphocytes but not in normal peripheral tissue or peripheral blood lymphocytes.[1]

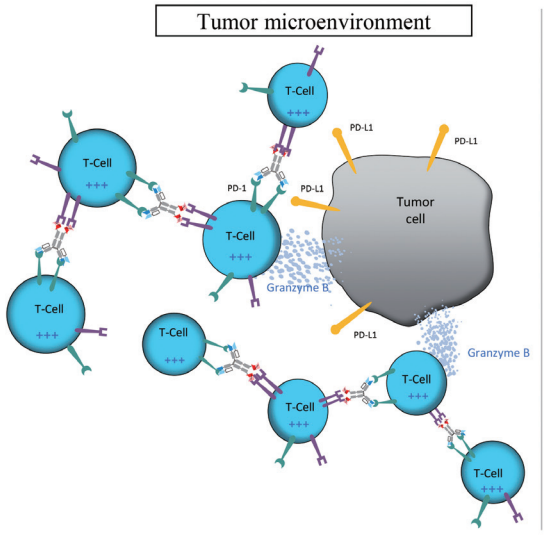
1 e.g., Ahmadzadeh *et al.;* Signal Transduct Target Ther. 2017; 2:16045. Analyses of publicly available genomics resources define FGF-2-expressing bladder carcinomas as EMT-prone, proliferative tumors with low mutation rates and high expression of CTLA-4, PD-1 and PD-L1. McNiel EA, Tsichlis PN.

PD-1/CTLA-4 bi-specific antibody may display higher avidity for lymphocytes in the tumor micro-environment versus peripheral sites

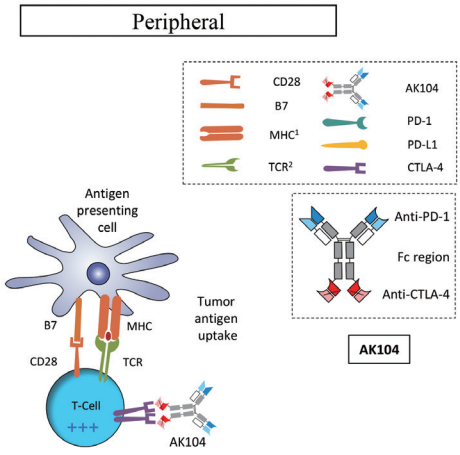
The distinct toxicity of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies that accompanies its marked anti-tumor activity may be the result of the antibodies' indiscriminate binding affinity for both TILs and peripheral lymphocytes. As described above, TILs have been found to co-express multiple checkpoint molecules, such as PD-1 and CTLA-4. Our tetrameric PD-1/CTLA-4 bi-specific antibody AK104 may be able to bind tetravalently to only TILs co-expressing PD-1 and CTLA-4, and may therefore stick better to the cell surface of TILs and display higher functional affinity, or avidity, for lymphocytes in tumor micro-environment, when compared to lymphocytes in peripheral sites which often lack checkpoint co-expression and only allow bivalent binding.

In addition, research has demonstrated that, in the tumor micro-environment, PD-1 blockade alone can lead to increased CTLA-4 expression, whereas CTLA-4 blockade alone can lead to increased PD-1 expression. TILs that co-express both checkpoint molecules may therefore be resistant to single checkpoint blockade by a PD-1 or CTLA-4 monoclonal antibody but susceptible to dual blockade by a PD-1/CTLA-4 bi-specific antibody such as our AK104.

We believe, as illustrated in the diagram below, that these properties of AK104 allow it to retain the efficacy benefit observed in the combination therapy of PD-1 and CTLA-4 monoclonal antibodies through dual blockade of the two validated immune checkpoint molecules preferentially in tumor micro-environment while reducing the propensity for activated T-cells to attack healthy tissue at peripheral sites.



TILs often co-express multiple immune checkpoint molecules, including PD-1 and CTLA-4. AK104 is a tetrameric bi-specific antibody targeting both PD-1 and CTLA-4 and may therefore stick better to the cell surface of TILs and display higher functional affinity or avidity for lymphocytes in tumor micro-environment



Lymphocytes in peripheral sites often lack immune checkpoint molecule co-expression and predominantly allow bivalent binding, therefore exhibiting lower binding avidity for T cells in peripheral tissue

Notes: 1. The major histocompatibility complex (MHC) is a set of genes that code for cell surface proteins essential for the acquired immune system to recognize foreign molecules in vertebrates, which in turn determines histocompatibility. The main function of MHC molecules is to bind to antigens and display them on the cell surface for recognition by the appropriate T-cells; 2. T-cell receptors (TCR) recognise antigen displayed by MHC molecules on the surface of antigen-presenting immune cells. The binding of a TCR to an MHC epitope complex can result in a signal being sent to the cell nucleus to induce a response.

Current Treatments and Limitations

There are a number of PD-(L)1 antibodies that have been approved globally and in China. These antibodies have revolutionized cancer treatment, demonstrating unprecedented clinical efficacy in patients with hard-to-treat cancers. However, according to Frost & Sullivan and as set forth in the table below, a relatively small proportion of all cancer patients across a variety of approved and/or trial solid tumor indications have a meaningful response to these approved PD-(L)1 antibodies, and there remains strong demand for more effective therapies that can further improve patient survival outcomes.

Solid Tumor with Low Response Rate[1] to PD-(L)1 Antibody Monotherapy

Indications		NSCLC	SCLC	RCC	HNSCC	UC	HCC	CC	GC
PD-1	nivolumab	19-20%	12%	22%	13%	20%	14%		
	pembrolizumab	18%	19%		16-19%	21-29%	17%	14%	13%
PD-L1	atezolizumab	14%				15-24%			
	durvalumab	26%				17%			
	avelumab					13-16%			

Notes:

1. Low response rate mainly refers to a response rate that is lower than 22%. Results are based on the latest label from the FDA and only mono-therapy clinical results listed. Results of adjuvant therapy are excluded. Results may vary from different cancer sub-types or clinical trials.

Source: Frost & Sullivan Report

In addition to the solid tumor types listed above with low response rate to PD-(L)1 monotherapy, other cancer types, such as microsatellite stability colorectal cancer, triple-negative breast cancer, ovarian cancer, endometrial cancer, esophageal cancer and pancreatic cancer, have also shown poor response rate to PD-(L)1 monotherapy, which have been confirmed in clinical trials, such as Merck's Keynote119 trial and Pfizer's Javelin Ovarian 200 trial.

To address the low response rate observed with the PD-(L)1 monotherapy, a combination therapy targeting both PD-1 and CTLA-4 using nivolumab and ipilimumab has been approved, which demonstrates significant efficacy in treating multiple types of cancer. However, this

combination therapy exhibits a high level of toxicity, which limits its usability. As set forth in the table entitled "ORR and SAE Comparison between Monotherapy and Combination Therapy" in the "Industry Overview – Global and China Immuno-oncology Market – Major Immuno-oncology Therapy – Combination Therapies", for instance, combination therapy of ipilimumab (CTLA-4) and nivolumab (PD-1) has been reported to induce significantly improved ORR among trial subjects compared with nivolumab (PD-1) monotherapy in numerous common cancer types.

However, the increased anti-tumor activity from the combination therapy of PD-1 and CTLA-4 monoclonal antibodies was consistently associated with significantly increased treatment-related adverse events compared with nivolumab monotherapy. For example, in a Phase I clinical trial in patients with metastatic cutaneous melanoma, this combination therapy resulted in frequent, strong and sustained clinical responses, while over 40% of the patients suffered serious immune-related adverse events, and thus necessitating a reduction in the dose of ipilimumab in the recommended combination regimens for the subsequent Phase II trials. Notably, one cohort of six patients in this Phase I trial who received a biweekly dose of 3 mg/kg nivolumab and 3 mg/kg ipilimumab, experienced marked clinical responses but had to stop treatment because of dose-limiting toxicity. Moreover, results of another clinical trial in patients with esophago-gastric cancer indicated that a dose of 3 mg/kg of ipilimumab in combination with 1 mg/kg of nivolumab resulted in a higher ORR and higher incidence of SAEs than a regimen with 1 mg/kg of ipilimumab in combination with 3 mg/kg of nivolumab.

These results indicate that the observed efficacy of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies is dependent on the dose of the CTLA-4 antibody and yet that an increased dosage of CTLA-4 antibody correlates with higher toxicity of the combination therapy.

Potential Advantages of AK104

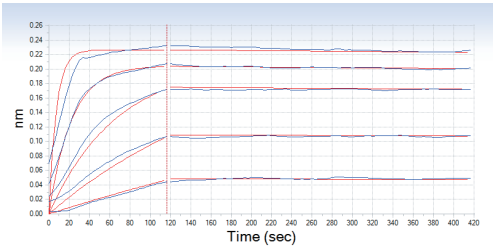
Our PD-1/CTLA-4 bi-specific antibody drug candidate AK104 is designed to exhibit higher binding avidity for T cells in tumor micro-environments than in peripheral sites and relatively reduced propensity to activate T-cells at peripheral sites that might attack healthy tissue. As a result, AK104 has a potential efficacy advantage over single-agent immune checkpoint inhibitors and has shown clinical efficacy comparable to that of the approved combination therapy of nivolumab and ipilimumab. More importantly, AK104 has shown a more favorable clinical safety profile compared with the combination therapy of nivolumab and ipilimumab.

Higher binding avidity for PD-1 and CTLA-4 translates to potentially enhanced efficacy

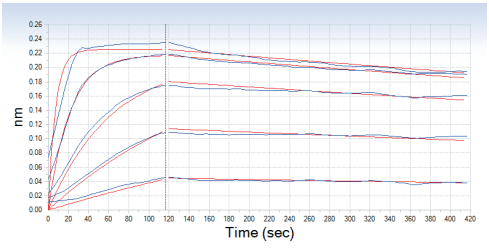
Binding avidity represents the cumulative strength of the binding interactions between two molecules (e.g., antigen and antibody), which is typically measured and reported by the equilibrium dissociation constant (KD). A lower dissociation constant indicates higher binding avidity. We have conducted *in vitro* studies to measure and compare the binding avidity of our AK104 for immobilized PD-1 and CTLA-4, against that of the combination of PD-1 and

CTLA-4 monoclonal antibodies. The graph on the left below sets forth the binding avidity of AK104 at different dosage levels, as compared to combination therapy using nivolumab and ipilimumab as set forth in the graph on the right below.

As shown in these graphs, the binding avidity of AK104 to antigen is around one order of magnitude stronger than that of the combination of nivolumab and ipilimumab.



AK104



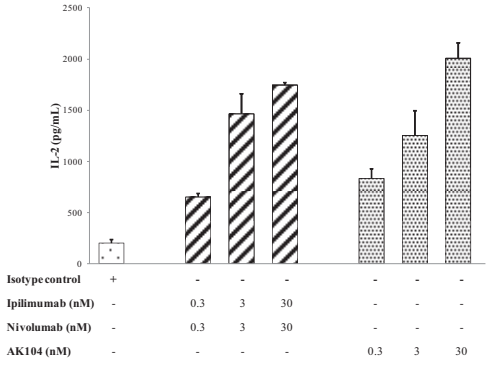
nivolumab + ipilimumab

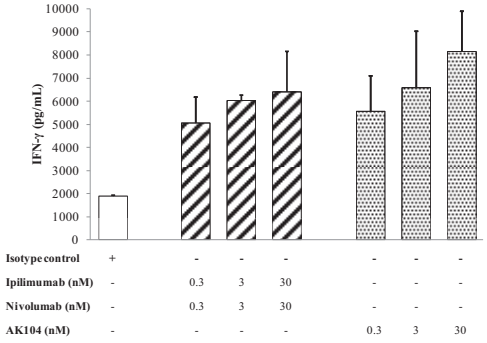
	KD (M)	Kon (1/Ms)	Kdis (1/s)
AK104	1.96E-11	2.68E+06	5.27E-05
nivolumab + ipilimumab	1.91E-10	2.77E+06	5.29E-04

Abbreviations: KD = dissociation constant; Kdis = off-rate; Kon = on-rate; M = mole (unit for amount of substance); nm = nanomole or one billionth (10^{-9}) of a mole

Source: Company data

We also measured AK104's *in vitro* pharmacological activity and compared it with that of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies. As shown in the graph on the left below and the graph on the right below, respectively, AK104 induced stronger interleukin 2 (IL-2) and interferon-γ (IFN-γ) secretion by peripheral blood mononuclear cells (PBMC) than the combination of ipilimumab and nivolumab across almost all antibody concentrations tested, suggesting that, as a PD-1/CTLA-4 bi-specific antibody, our AK104 may display greater anti-tumor effect than the combination therapy of PD-1 and CTLA-4 monoclonal antibodies.





Abbreviations: conc. = concentration; IFN-γ = interferon gamma; IL-2 = interleukin-2; L = liter; mL = milliliter; nM = nmol/L; nmol = nanomole or one billionth (10^{-9}) of a mole; pg = picogram; nm = nanomole or one billionth (10^{-9}) of a mole

Source: Company data

Promising clinical efficacy results in line with PD-1 and CTLA-4 combination therapy (superior to monotherapy)

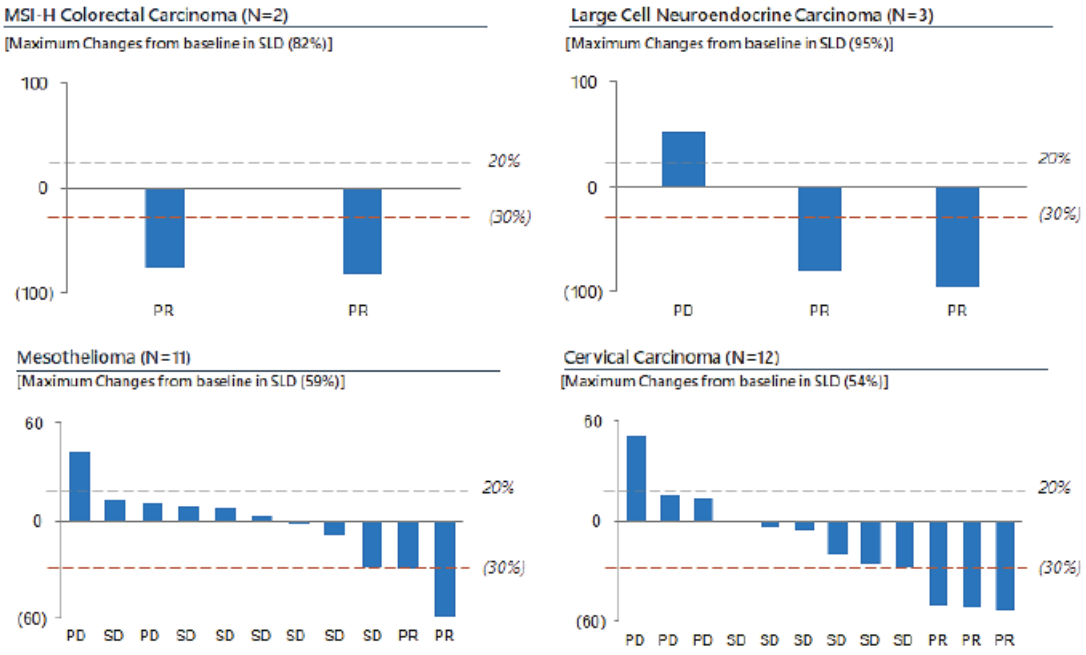
As summarized in the below table, studies of the combination therapy of nivolumab and ipilimumab have shown a superior clinical efficacy in terms of overall response rate (ORR) across various tumor types, as compared with nivolumab monotherapy. These results demonstrated the potential clinical benefits of PD-1/CTLA-4 bi-specific antibody drugs, such as AK104.

	Overall Response Rate (%)	
Tumor type	**Nivolumab**	**Nivolumab + Ipilimumab**
Melanoma[(1)]	44%	58%
RCC[(2)]	22%	40%
NSCLC[(3)]	23%	43%
SCLC[(4)]	10%	23%
Gastric/GEJ[(5)]	14%	26%
UC[(6)]	24%	39%
MSI-H CRC[(7)]	32%	49%
HCC[(8)]	14%	31%

Notes:

(1) Larkin J, NEJM 2015.
(2) Hammers HJ, JCO 2017; Motzer RJ, NEJM 2015
(3) Hellmann MD, Lancet Oncol. 2017.
(4) Antonia SJ, Lancet Oncol. 2016
(5) Janjigian YY, 2016.
(6) Sharma P, Lancet Oncol. 2016
(7) Nivolumab, FDA label.
(8) ASCO, 2019; BMS press release June 3, 2019

In the studies of AK104 monotherapy, promising efficacy results were also observed across various tumor types, such as MSI-H colorectal cancer, large cell neuroendocrine carcinoma, mesothelioma and cervical cancer, as illustrated in the charts below. Patients enrolled in our AK104 studies were heavily pre-treated with standard therapy. The graph below depicts responses of all evaluable patients of the specified tumor type.



Abbreviations: n = total number of patients enrolled in AK104 studies as of data cut-off dates (February 26, 2020); SLD = sum of the longest diameters

Source: Company data

Favorable clinical safety profile compared to PD-1 and CTLA-4 combination therapy

In addition to the promising efficacy results, preliminary data collected from our clinical studies have suggested a more favorable safety profile for AK104, compared with the combination of PD-1 and CTLA-4 monoclonal antibodies. This is consistent with what we had expected from AK104 with its intended higher binding avidity for tumor infiltrating lymphocytes than lymphocytes within peripheral tissue, which could help us retain the efficacy benefit of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies and at the same time establish a tolerable safety profile.

The below table summarizes adverse events as of respective data cut-off dates both (i) across all AK104 monotherapy cohorts, (ii) at a dose level of 6mg/kg every two weeks, and (iii) at a dose level of 450mg every two weeks selected for future clinical studies.

Categories	All dose levels (N = 184)	6mg/kg Q2W (n = 101)	450mg Q2W (N=50)
Any TRAE	124 (67.4%)	75 (74.3%)	29 (58.0%)
≥ Grade 3 TRAE	24 (13.0%)	10 (9.9%)	9 (18.0%)
Any irAE	68 (37.0%)	44 (43.6%)	15 (30.0%)
≥ Grade 3 irAE	13 (7.1%)	6 (5.9%)	5 (10.0%)
Treatment-related SAE	22 (12.0%)	9 (8.9%)	7 (14.0%)
TRAEs leading to discontinuation	12 (6.5%)	6 (5.9%)	6 (12.0%)
TRAE Leading to death	0	0	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event

Source: Company data

By contrast, nivolumab and ipilimumab combination therapy has shown relatively higher toxicity in clinical studies even at lower dosages, which may be observed from the clinical data set forth in the below table, and may limit the full potential of the combination therapy.

Categories	Checkmate-214 RCC[(1)] (Nivo 3mg/kg +Ipi 1 mg/kg)	Checkmate-067 Melanoma[(2)] (Nivo 1mg/kg +Ipi 3 mg/kg)	Checkmate-227[(3)] (Nivo 3mg/kg +Ipi 1 mg/kg Q6W)
TRAE	93%	96%	77%
≥ Grade 3 TRAE	46%	59%	33%
irAE	90%	Not reported	Not reported
≥ Grade 3 irAE	27%	Not reported	Not reported
Treatment-related SAE	Not reported	48.6%	Not reported
Drug-related AE leading to discontinuation	22%	39%	18%

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event; RCC = renal cell carcinoma; Nivo = nivolumab; Ipi = ipilimumab

Sources:

(1) Motzer RJ, NEJM 2015; NICE 2018; https://www.nice.org.uk/guidance/ta581/documents/committee-papers

(2) Wolchok, JD, NEJM 2017.

(3) Solange P, ESMO 2019.

Although these were not head-to-head analyses, we believe that valuable insight can nonetheless be drawn from the comparison of our AK104 with the nivolumab and ipilimumab combination therapy. As shown above, lower incidence of TRAEs, irAEs, ≥ Grade 3 TRAEs and TRAEs leading to treatment discontinuation was observed in AK104 monotherapy as compared with the nivolumab and ipilimumab combination therapy, which suggests a more favorable safety profile for AK104.

Summary of Clinical Trial Results

Overview of AK104 (PD-1/CTLA-4) clinical trials

We have initiated two clinical trials for AK104 in Australia and China, respectively. In Australia, we enrolled the first patient in a Phase Ia/Ib study in October 2017. In China, we started a Phase Ib/II study in January 2019 and enrolled patients with advanced or metastatic solid tumors and 1L gastric cancer or GEJ adenocarcinoma. Based on the encouraging data of this study, we revised the patient enrollment criteria of this study to include patients of additional cancer types, including 2L/3L cervical cancer, 2L HCC and 2L esophageal squamous cell carcinoma (ESCC), and we have advanced this study to Phase II. All the foregoing studies are currently ongoing with a total of approximately 184 subjects enrolled as of the data cut-off at February 26, 2020.

On November 9, 2019, we were invited to present results of our Phase Ia study of AK104 in patients with advanced solid tumors at the 34th annual meeting of the Society for Immunotherapy of Cancer, one of the most influential academic conferences in the field of immuno-oncology, in National Harbor, Maryland. The results presented at this meeting demonstrated AK104's encouraging anti-tumor activities across a range of tumor types.

AK104-101 first-in-human study in Australia

Study AK104-101 is the first-in-human Phase Ia/Ib study conducted in Australia. The below analyses are based on the data cut-off at February 26, 2020.

Study purpose, design and progress

The primary objectives were to assess safety and tolerability, and determine the maximum tolerated dose (MTD)/maximum administered dose (MAD) and recommended Phase II dose (RP2D) of AK104 (PD-1/CTLA-4) as a single agent administered in subjects with advanced or metastatic and refractory/relapsed solid tumors.

Subjects received AK104 across seven cohorts at 0.2 mg/kg, 0.5mg/kg, 1 mg/kg, 2 mg/kg, 4 mg/kg, 6mg/kg and 10mg/kg every two weeks (Q2W) intravenously. After the dose escalation phase, three pharmacodynamic (PD) confirmation cohorts, 6 mg/kg (PD-1/PD-L1 naive and PD-1/PD-L1 refractory/relapsed cohorts) and flat dosing 450mg Q2W (PD-1/PD-L1 naive), were conducted to further determine the safety, PK, PD profile and anti-tumor activity in subjects with selected tumor types.

As of the data cut-off date (February 26, 2020), 84 subjects were enrolled in the study with 16 subjects at the cohorts dose ranging from 0.2 mg/kg to 4 mg/kg, 33 subjects at the 6 mg/kg cohort, 18 subjects at the 450 mg cohort and 17 subjects at the 10 mg/kg cohort. For the dose escalation phase, there were seven dosing cohorts, with dose levels ranging from 0.2 mg/kg Q2W to 10.0 mg/kg Q2W.

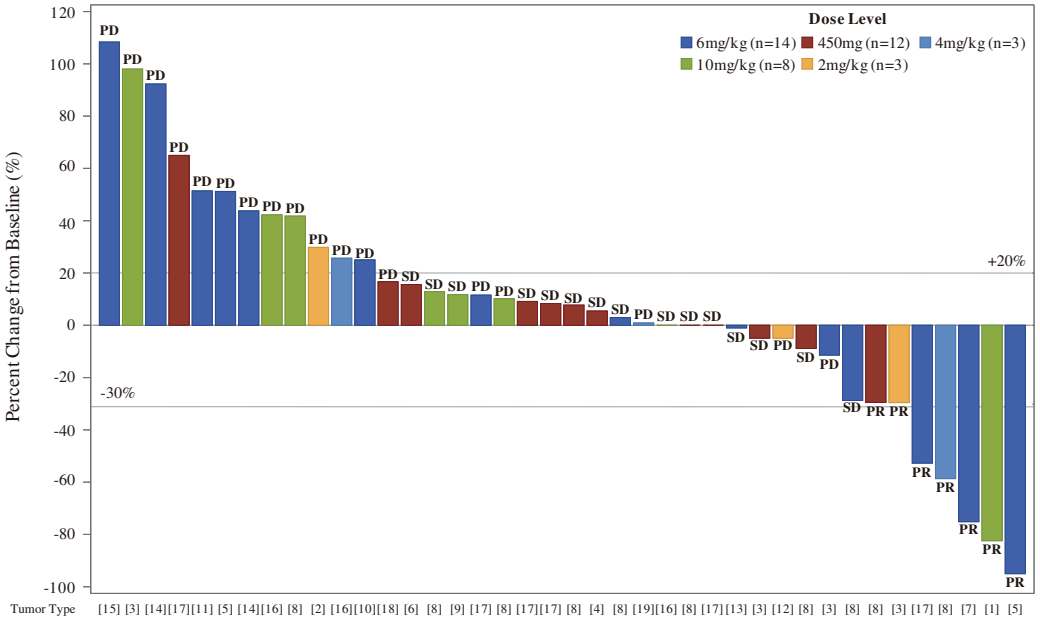
The median age of the 84 subjects enrolled was 61 years old (ranging from 31 to 85). These subjects had received a median of four doses (ranging from 1 to 41 doses and ongoing) of AK104.

Efficacy results

The efficacy analyses include the data of 40 PD-(L)1 naive subjects with various tumor types that were administrated with AK104 at ≥ 2 mg/kg, 11 subjects with mesothelioma administrated with AK104 at ≥ 2 mg/kg, and 9 PD-(L)1 pre-treated subjects administrated with AK104 at ≥ 6 mg/kg, as of the data cut-off date.

As of the data cut-off date, there were 40 PD-(L) naive evaluable subjects with various tumor types that were administrated with AK104 (PD-1/CTLA-4) at ≥2 mg/kg dose level. Evaluable subject was defined as a subject with at least one post-baseline tumor assessment. The preliminary efficacy results showed that among 40 evaluable subjects, 7 subjects achieved partial response (tumor types including gastric cancer, TNBC, and large-cell neuroendocrine carcinoma, each, and two mesothelioma and MSI-H CRC). The objective response rate (ORR) was 17.5% (including unconfirmed response) and the disease control rate (DCR) was 55%. Tumor shrinkage of target lesions was observed in 13 subjects (32.5%) including four subjects with over 40% decrease from baseline and three patients with over 60% decrease from baseline, as shown in the waterfall plot below. The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject.

Evaluable PD-(L)1 naive patients with various tumor types administrated with ≥ 2mg/kg (N=40)

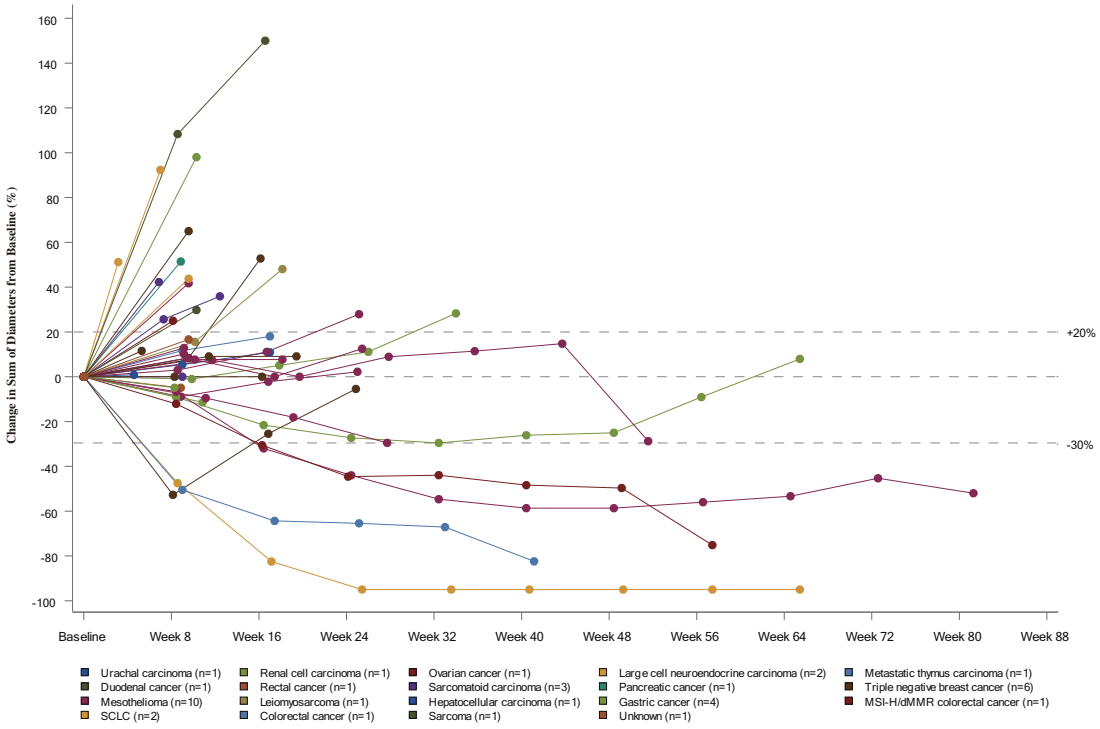


*[1]:Colorectal cancer;[2]:Duodenal cancer;[3]:Gastric cancer;[4]:Hepatocellular carcinoma;[5]:Large cell neuroendocrine carcinoma;[6]:Leiomyosarcoma; [7]:MSI-H/dMMR colorectal cancer;[8]:Mesothelioma;[9]:Metastatic thymus carcinoma;[10]:Ovarian cancer;[11]:Pancreatic cancer;[12]:Rectal cancer; [13]:Renal cell carcinoma;[14]:SCLC;[15]:Sarcoma;[16]:Sarcomatoid carcinoma;[17]:Triple negative breast cancer;[18]:Unknown;[19]:Urachal carcinoma.

Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

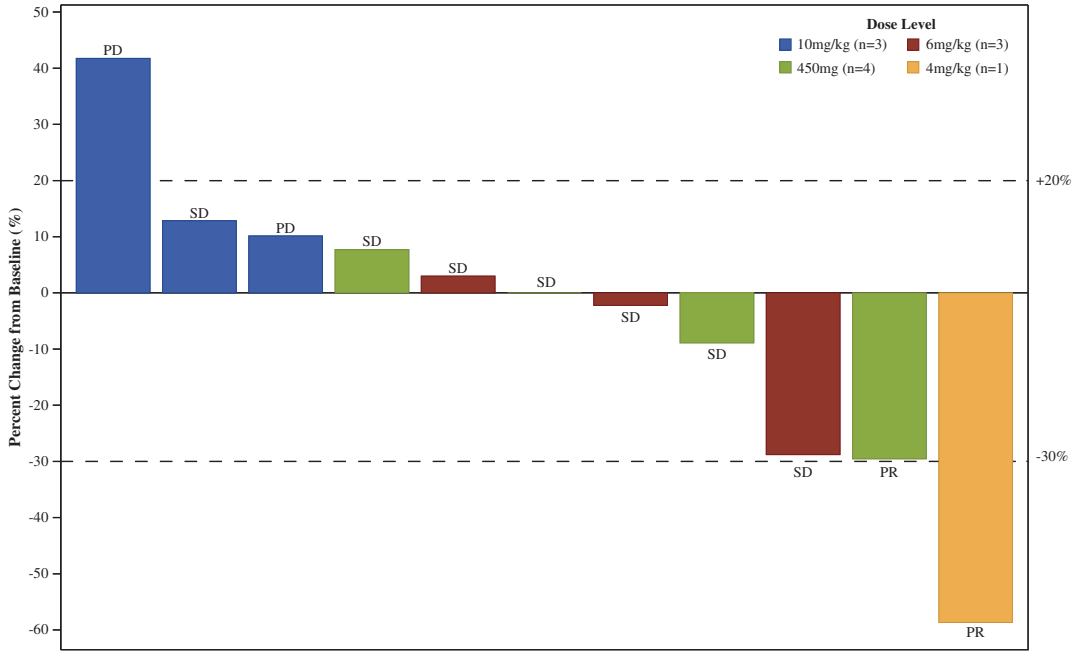
The below spider plot shows significant durability of objective responses and disease stabilization of the 40 evaluable subjects administrated with AK104 at ≥2 mg/kg dose level as measured by percent change from baseline in target lesions over time.

Evaluable PD-(L)1 naive patients administrated with ≥ 2mg/kg (N=40)



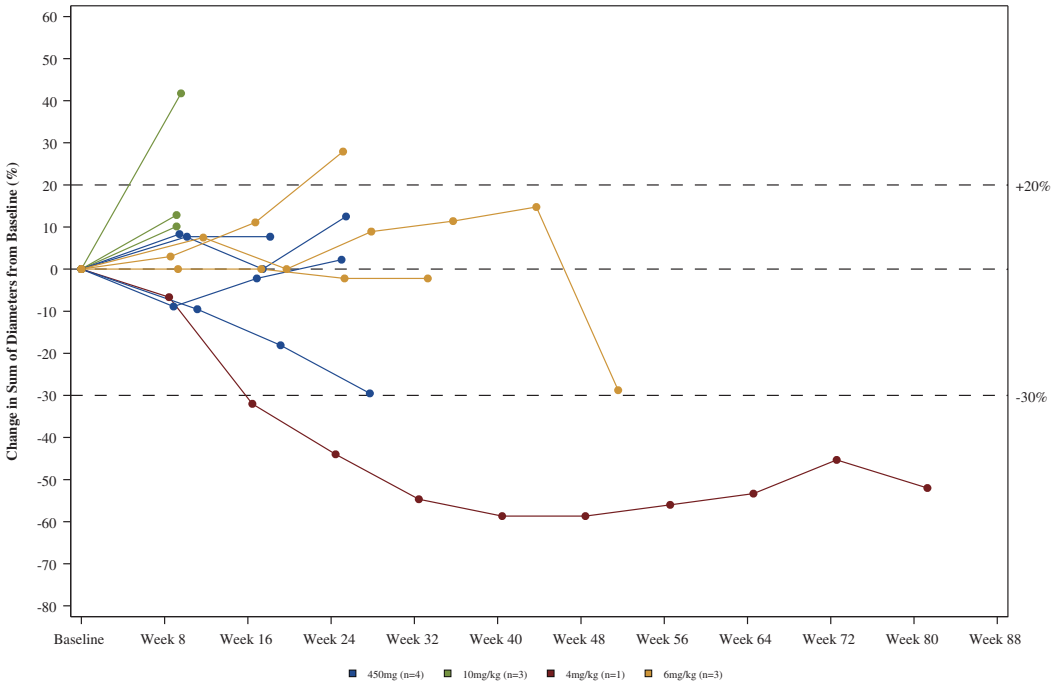
Source: Company data

Among 11 evaluable subjects with mesothelioma administrated with AK104 at ≥ 2 mg/kg, two subjects achieved PR and seven subjects had SD. The ORR was 18.2% and DCR was 81.8%. Tumor shrinkage of target lesions was observed in five subjects (45.5%), including one subject with over 50% decrease from baseline at Week 80, as shown in the waterfall plot below. The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with mesothelioma.



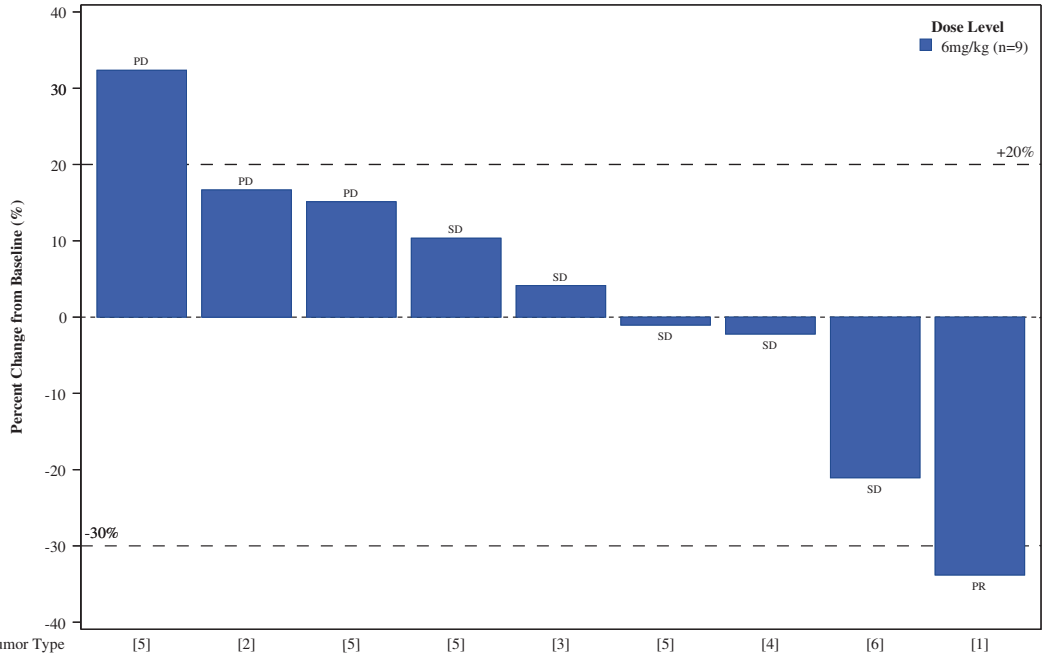
Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Statues (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 11 evaluable subjects with mesothelioma as measured by percent change from baseline in target lesions over time.



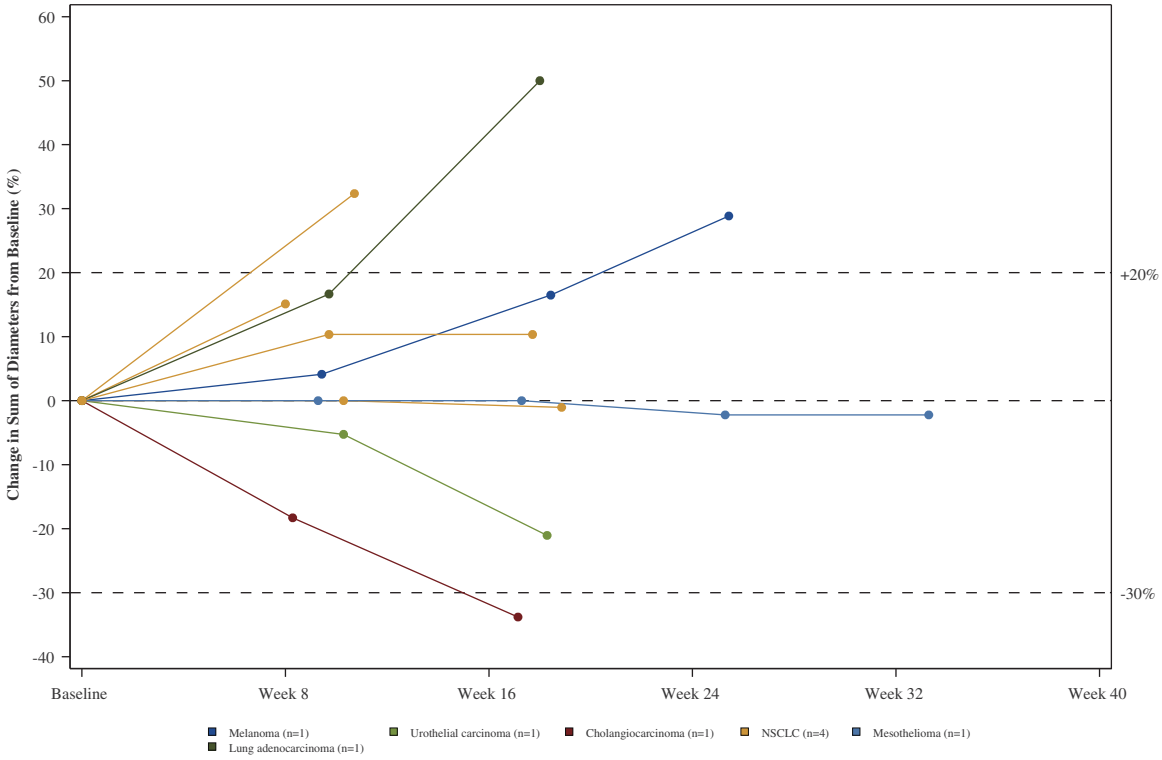
Source: Company data

Among 9 evaluable subjects who were pre-treated with PD-(L)1 and administrated with AK104 at ≥ 6 mg/kg, one subjects achieved PR and five subjects had SD. The ORR was 11.1% and DCR was 66.7%. Tumor shrinkage of target lesions was observed in four subjects (44.4%). The below waterfall plot shows the best percent change from baseline in target lesions for each PD-(L)1 pre-treated evaluable subject.



[1]: Cholangiocarcinoma; [2]:Lung adenocarcinoma; [3]:Melanoma; [4]:Mesothelioma; [5]:NSCLC; [6]:Urothelial carcinoma.
Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Statues (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 9 PD-(L)1 pre-treated evaluable subjects as measured by percent change from baseline in target lesions over time.



Source: Company data

Safety results

Details of the TRAEs observed from all 84 subjects as of the data cut-off date and those who were enrolled in dose levels around possible RP2D (at 6 mg/kg, 10 mg/kg or 450 mg) are summarized in the below table.

Categories	**Total (N=84)**	**6.0mg/kg (n=33)**	**10mg/kg (N=17)**	**450mg (n=18)**
Any TRAEs	51 (60.7%)	18 (54.5%)	9 (52.9%)	13 (72.2%)
≥ Grade 3 TRAEs	10 (11.9%)	1 (3.0%)	2 (11.8%)	4 (22.2%)
irAEs	31 (36.9%)	14 (42.4%)	4 (23.5%)	8 (44.4%)
≥ Grade 3 irAEs	4 (4.8%)	0	0	2 (11.1%)
Treatment-related SAEs	12 (14.3%)	2 (6.1%)	3 (17.6%)	4 (22.2%)
TRAEs leading to discontinuation	5 (6.0%)	2 (6.1%)	0	3 (16.7%)
TRAE leading to death	0	0	0	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event; TRSAE = treatment-related serious adverse event

Source: Company data

The table below summarizes the most common TRAEs observed from all 84 subjects and those who were enrolled in the RP2D cohort (6mg/kg Q2W) as of the data cut-off date (showing total incidence in each category of TRAE ≥ 10% and incidence for each category of TRAE that is ≥ Grade 3).

	6.0mg/kg (N=33)		450mg (N=18)		Total (N=84)	
TRAEs	**Any Grade**	**≥ Grade 3**	**Any Grade**	**≥ Grade 3**	**Any Grade**	**≥ Grade 3**
Any TRAE	18 (54.5%)	1 (3.0%)	13 (72.2%)	4 (22.2%)	51 (60.7%)	10 (11.9%)
Rash	4 (12.1%)	0	3 (16.7%)	0	13 (15.5%)	0
Infusion related reaction	5 (15.1%)	1 (3.0%)	3 (16.7%)	2 (11.1%)	12 (14.3%)	4 (4.8%)
Nausea	4 (12.1%)	0	2 (11.1%)	0	11 (13.1%)	0
Pruritus	6 (18.2%)	0	3 (16.7%)	0	11 (13.1%)	0
Fatigue	4 (12.1%)	0	3 (16.7%)	0	8 (9.5%)	0
Pyrexia	1 (3.0%)	0	1 (5.6%)	0	5 (6.0%)	1 (1.2%)
Aspartate aminotransferase increased	1 (3.0%)	0	0	0	3 (3.6%)	1 (1.2%)
Hypersensitivity	1 (3.0%)	0	1 (5.6%)	1 (5.6%)	2 (2.4%)	1 (1.2%)
Liver function test increased	0	0	1 (5.6%)	1 (5.6%)	1 (1.2%)	1 (1.2%)
Diabetic ketoacidosis	0	0	0	0	1 (1.2%)	1 (1.2%)
Polyneuropathy	0	0	0	0	1 (1.2%)	1 (1.2%)

Abbreviation: TRAE = treatment-related adverse event

Source: Company data

Conclusion

AK104 (PD-1/CTLA-4) has exhibited a favorable safety profile in subjects with advanced or metastatic solid tumors and the preliminary efficacy results demonstrated encouraging anti-tumor activities across a range of tumor types. Our safety data also shows AK104 can be given safely to human subjects at a dose level of up to 10.0 mg/kg Q2W. Early data suggested that AK104 may have improved tolerance compared to the combination of PD-1 and CTLA-4 inhibitors.

AK104-201 phase Ib/II study in China

Study AK104-201 is a Phase Ib/II study conducted in China. The data cut-off date of February 26, 2020 was used for the below analyses.

Study purpose, design and progress

Phase Ib

The primary objectives were to assess safety and tolerability of AK104 (PD-1/CTLA-4) as a single agent administered in subjects with advanced or metastatic solid tumors, and the combination of AK104 with mXELOX administered as first-line therapy in subjects with gastric or GEJ adenocarcinoma.

Subjects with solid tumors received AK104 across two cohorts at 6mg/kg and 10mg/kg Q2W intravenously. Subjects with gastric or GEJ adenocarcinoma will receive AK104 across three cohorts at 4mg/kg, 6mg/kg and 10mg/kg Q2W intravenously in combination with mXELOX administered as first-line therapy.

After the dose escalation phase, subjects with solid tumors will be enrolled in two dose expansion cohorts, 6 mg/kg and 450mg Q2W, with a maximum of 40 subjects for each cohort, inclusive of subjects who received 6mg/kg in dose escalation phase. For subjects with gastric or GEJ adenocarcinoma, each cohort in the dose escalation phase will be expanded to a maximum of 18 subjects respectively, inclusive of those enrolled in the dose escalation cohorts, to further determine the recommended phase 2 dose (RP2D) of the combination therapy.

As of the data cut-off date (February 26, 2020), 68 subjects with solid tumors were enrolled in both dose escalation and dose expansion cohorts at 6mg/kg dose level and 32 subjects with solid tumors in dose expansion cohort at 450 mg dose level. The first dose escalation cohort of gastric/GEJ adenocarcinoma was completed and the next dose escalation cohort is ongoing, with 21 subjects enrolled in the cohorts of gastric or GEJ adenocarcinoma.

The median age of the 100 subjects enrolled in cohorts of solid tumors was 56 years old (ranging from 27 to 68) in the cohort at 6mg/kg dose level and 56 years old (ranging from 28 to 75) in the cohort at 450 mg dose level. The subjects at 6mg/kg and 450 mg dose level had received a median of three doses of AK104 (ranging from 1 to 15 doses and ongoing) and three doses of AK104 (ranging from 1 to 8 doses and ongoing), respectively.

The median age of 21 subjects enrolled in cohorts of gastric or GEJ adenocarcinoma was 64 years old (ranging from 28 to 74). These subjects had received a median of six doses (ranging from 1 to 14 doses and ongoing) of AK104.

Phase II

In cohorts of selected solid tumor types, the primary objective was to assess anti-tumor activity of AK104 (PD-1/CTLA-4) administered as a single agent measured by objective response rate (ORR).

In cohorts of gastric or GEJ adenocarcinomas, the primary objective was to assess anti-tumor activity of AK104 in combination with mXELOX administered as first-line therapy measured by ORR.

In the dose confirmation phase (Phase II), subjects with selected advanced or metastatic solid tumors that are refractory or relapsed to the first-line therapy will be enrolled in cohorts of various tumor types.

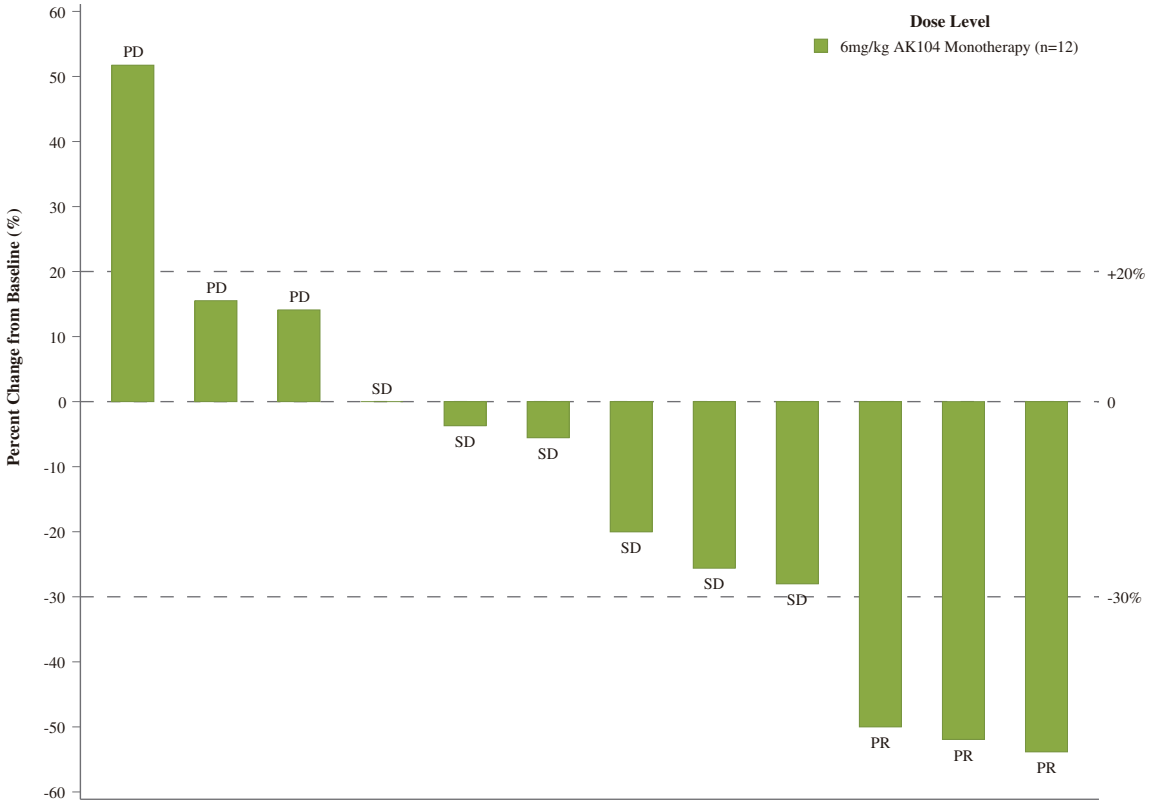
Efficacy results

AK104 (PD-1/CTLA-4) 6mg/kg or 450 mg Q2W in subjects with solid tumors

In cohorts of solid tumors administrated with AK104 at 6mg/kg or 450 mg Q2W, we analyzed the anti-tumor activity of selected tumor types (tumor types including cervical cancer, NSCLC, HCC and neuroendocrine carcinoma). Evaluable subject was defined as a subject with at least one post-baseline tumor assessment.

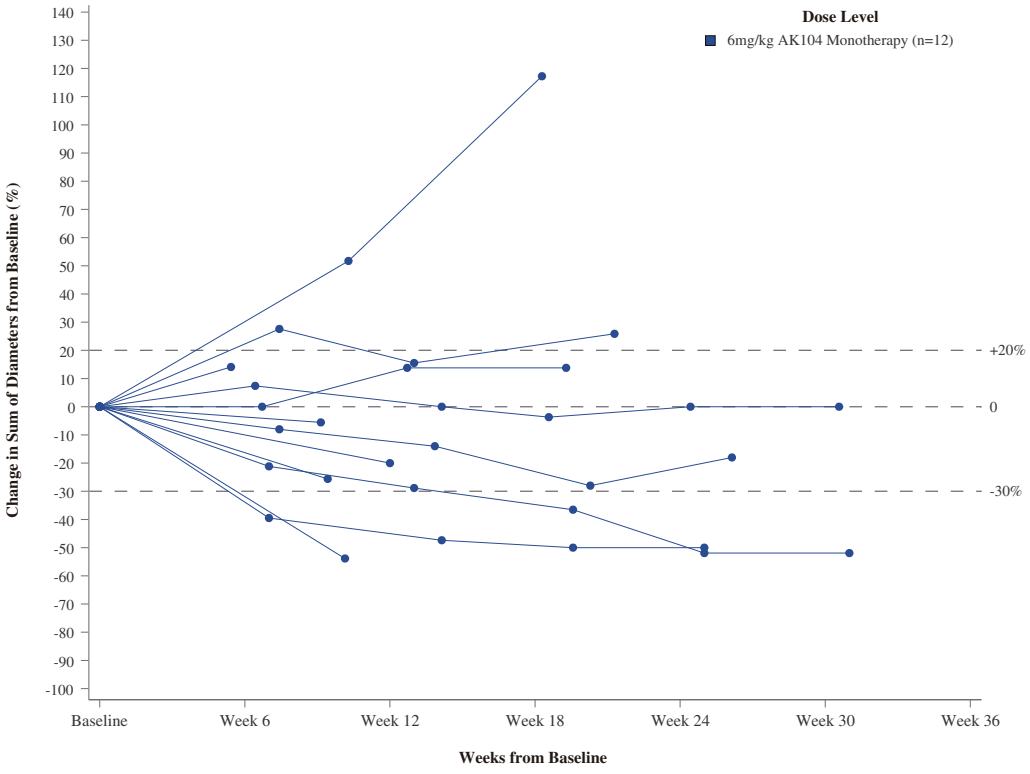
As of the data cut-off date (February 26, 2020), among 12 subjects with advanced cervical cancer refractory/relapsed to standard therapies, three subjects achieved partial response (PR) and six subjects had stable disease (SD). The overall response rate (ORR) was 25% (including unconfirmed response) and the disease control rate (DCR) was 75%. Tumor shrinkage in target lesions was observed in eight subjects (66.7%) including two SD subjects with tumor shrinkage close to 30%, as shown in the waterfall plot below.

The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with cervical cancer.



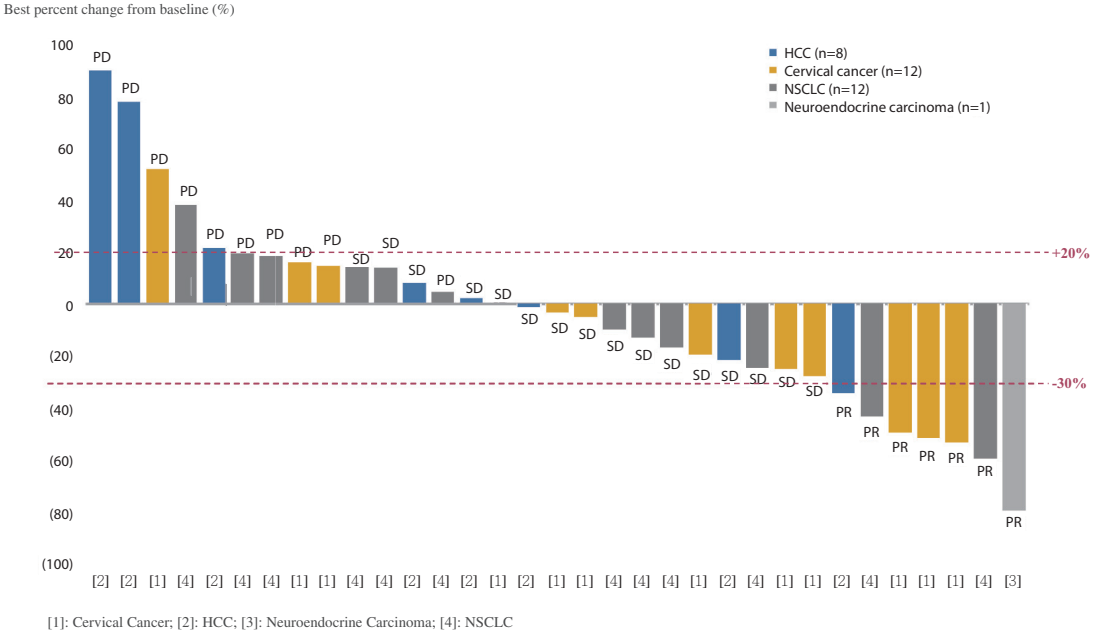
Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (SD, PR, PD) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses of the 12 evaluable subjects with cervical cancer as measured by percent change from baseline in target lesions over time.



Source: Company data

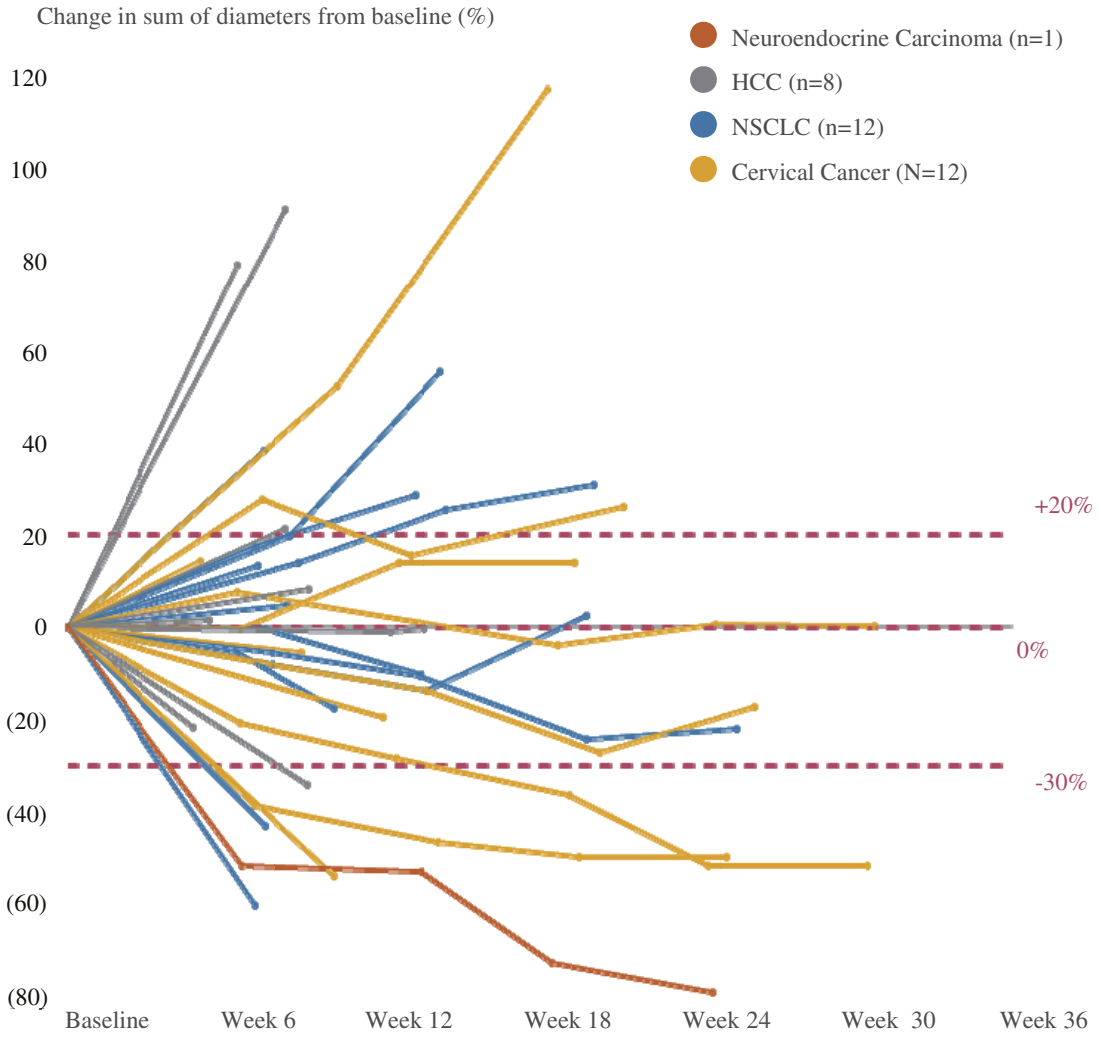
Among the 33 subjects with cervical cancer (n=12), NSCLC (n=12), HCC (n=8) and neuroendocrine carcinoma (n=1), 7 subjects achieved PR and 16 subjects had SD. The ORR was 21.2% and the DCR was 48.5%. Tumor shrinkage in target lesions was observed in 18 subjects (54.5%) as shown in the waterfall plot below. The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with cervical cancer, NSCLC, HCC and neuroendocrine carcinoma.



[1]: Cervical Cancer; [2]: HCC; [3]: Neuroendocrine Carcinoma; [4]: NSCLC

Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (SD, PR, PD) on each bar represents overall response.
Source: Company data

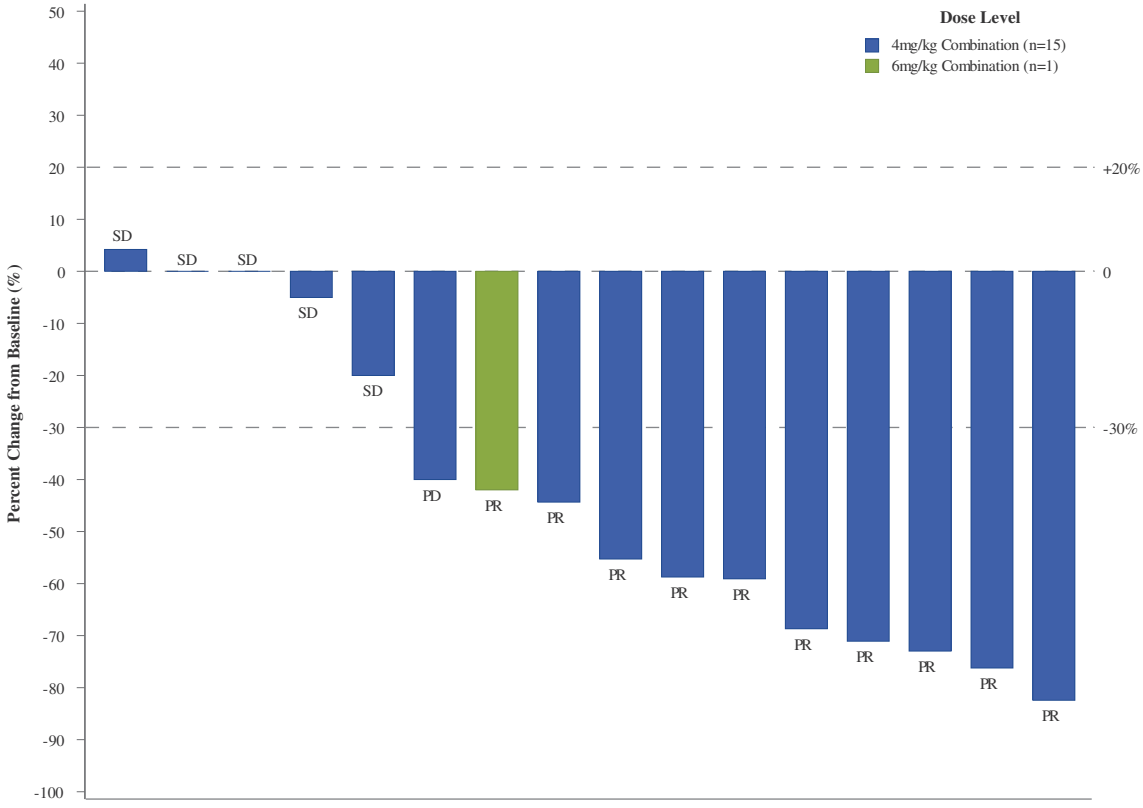
The below spider plot shows responses of the 33 evaluable subjects with cervical cancer, NSCLC, HCC and neuroendocrine carcinoma as measured by percent change from baseline in target lesions over time.



Source: Company data

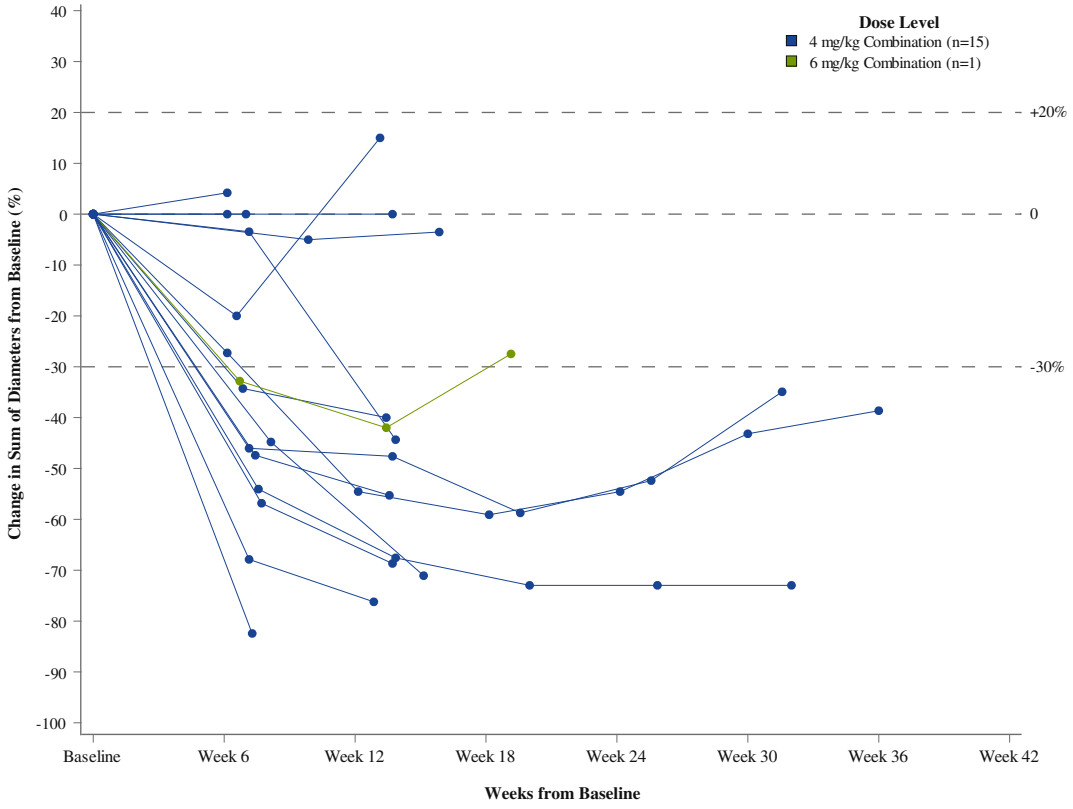
AK104 (PD-1/CTLA-4) in combination with mXELOX in subjects with gastric or GEJ adenocarcinoma

In cohorts of gastric or GEJ adenocarcinoma administrated with AK104 at the dose level of 4 mg/kg or 6mg/kg Q2W in combination with mXELOX as first-line therapy, 16 subjects were evaluable for efficacy analysis, and ten of the 16 subjects achieved partial response (PR) (ORR=62.5%). The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with gastric or GEJ adenocarcinoma.



Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows responses of the 16 evaluable subjects with gastric or GEJ adenocarcinoma receiving AK104 in combination with mXELOX as measured by percent change from baseline in target lesions over time.



Source: Company data

Safety results

AK104 (PD-1/CTLA-4) 6mg/kg or 450 mg Q2W in subjects with solid tumors

Details of the TRAEs observed from all 100 subjects as of the data cut-off date are summarized in the below table.

Categories	6 mg/kg (N=68)	450 mg (N=32)	Total (N=100)
All TRAEs	57 (83.8%)	16 (50.0%)	73 (73.0%)
≥ Grade 3 TRAEs	9 (13.2%)	5 (15.6%)	14 (14%)
irAEs	30 (44.1%)	7 (21.9%)	37 (37%)
≥ Grade 3 irAEs	6 (8.8%)	3 (9.4%)	9 (9%)
Treatment-related SAEs	7 (10.3%)	3 (9.4%)	10 (10%)
TRAEs leading to discontinuation	4 (5.9%)	3 (9.4%)	7 (7%)
TRAE leading to death	0	0	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event

Source: Company data

The table below summarizes the most common TRAEs observed from all 100 subjects as of the data cut-off date (showing total incidence in each category of TRAE ≥ 10% and incidence for each category of TRAE that is ≥ Grade 3).

	6mg/kg(N=68)		450mg (N=32)		Total (N=100)	
TRAEs	**Any Grade**	**≥ Grade3**	**Any Grade**	**≥ Grade3**	**Any Grade**	**≥ Grade3**
Any TRAE	57 (83.8%)	9 (13.2%)	16 (50.0%)	5 (15.6%)	73 (73.0%)	14 (14.0%)
AST increased	8 (11.8%)	1 (1.5%)	4 (12.5%)	0	12 (12.0%)	1 (1.0%)
ALT increased	8 (11.8%)	1 (1.5%)	3 (9.4%)	0	11 (11.0%)	1 (1.0%)
Blood bilirubin increased	8 (11.8%)	0	1 (3.1%)	0	9 (9.0%)	0
WBC decreased	9 (13.2%)	0	0	0	9 (9.0%)	0
Rash	13 (19.1%)	0	1 (3.1%)	0	14 (14.0%)	0
Pyrexia	8 (11.8%)	0	3 (9.4%)	0	11 (11.0%)	0
Hypothyroidism	7 (10.3%)	1 (1.5%)	0	0	7 (7.0%)	1 (1.0%)
Blood creatine phosphokinase MB increased	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Blood creatine phosphokinase increased	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Lipase increased	0	0	1 (3.1%)	1 (3.1%)	1 (1.0%)	1 (1.0%)
Platelet count decreased	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Troponin I increased	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Pneumonitis	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Respiratory failure	0	0	1 (3.1%)	1 (3.1%)	1 (1.0%)	1 (1.0%)
Respiratory tract haemorrhage	0	0	1 (3.1%)	1 (3.1%)	1 (1.0%)	1 (1.0%)
Anaemia	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Thrombocytopenia	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Myocarditis	1 (1.5%)	1 (1.5%)	1 (3.1%)	1 (3.1%)	2 (2.0%)	2 (2.0%)
Asthenia	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Hypokalaemia	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)
Rash generalised	0	0	1 (3.1%)	1 (3.1%)	1 (1.0%)	1 (1.0%)
Hypertension	1 (1.5%)	1 (1.5%)	0	0	1 (1.0%)	1 (1.0%)

Abbreviation: ALT = alanine aminotransferase; AST = aspartate aminotransferase; TRAE = treatment-related adverse event

Source: Company data

AK104 (PD-1/CTLA-4) in combination with mXELOX in subjects with gastric or GEJ adenocarcinoma

Details of the TRAEs observed from 21 subjects as of the data cut-off date are summarized in the below table.

Categories	4 mg/kg (N=18)	6 mg/kg (N=3)
All TRAEs	13 (72.2%)	1 (33.3%)
≥ Grade 3 TRAEs	5 (27.8%)	1 (33.3%)
irAEs	5 (27.8%)	0
≥ Grade 3 irAEs	2 (11.1%)	0
Treatment-related SAEs	2 (11.1%)	0
TRAEs leading to discontinuation	0	0
TRAE leading to death	0	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event; TRSAE = treatment-related serious adverse event

The table below summarizes the most common TRAEs observed from all 21 subjects as of the data cut-off date (showing total incidence in each category of TRAE ≥ 10% and incidence for each category of TRAE that is ≥ Grade 3).

	Total (N=21)	
TRAEs	Any Grade	≥ Grade 3
Platelet count decreased	5 (23.8%)	1 (4.8%)
Neutrophil count decreased	4 (19.0%)	3 (14.3%)
Infusion related reaction	4 (19.0%)	0
Alanine aminotransferase increased	3 (14.3%)	1 (4.8%)
Aspartate aminotransferase increased	3 (14.3%)	1 (4.8%)
Pyrexia	3 (14.3%)	1 (4.8%)
White blood cell count decreased	3 (14.3%)	1 (4.8%)
Blood glucose increased	3 (14.3%)	0
Rash	3 (14.3%)	0
Lymphocyte count decreased	2 (9.5%)	1 (4.8%)
Blood potassium decreased	1 (4.8%)	1 (4.8%)
Autoimmune hepatitis	1 (4.8%)	1 (4.8%)
Hyponatraemia	1 (4.8%)	1 (4.8%)

Conclusion

AK104 (PD-1/CTLA-4) exhibited a favorable safety profile in subjects with advanced or metastatic solid tumors and the preliminary efficacy results demonstrated encouraging anti-tumor activities for AK104, both as a monotherapy across a range of tumor types and in combination with XELOX for gastric or GEJ adenocarcinoma as first-line therapy. Preliminary clinical data suggested that AK104 may have improved tolerance compared to the combination of PD-1 and CTLA-4 inhibitors.

Clinical Development Plan

We are executing a comprehensive clinical trial development plan in Australia, China and the United States targeting an array of cancer indications for our AK104 (PD-1/CTLA-4).

Fast-to-market strategy

We have strategically chosen to conduct single-arm registrational trials for conditional approval of AK104 (PD-1/CTLA-4) for cancer indications with few or no effective treatment options for heavily pretreated patients, such as cervical cancer, in China and globally. We also plan to conduct Phase II trials for microsatellite instability-high (MSI-H) solid tumors and nasopharyngeal carcinoma (NPC) to explore their potential for accelerated approval. We believe that these strategic choices will help accelerate AK104's regulatory approval process and commercial launch.

- Cervical cancer: Given the limited treatment options for patients with recurrent or metastatic cervical cancer, the promising results from nivolumab plus ipilimumab combination therapy for recurrent or metastatic cervical cancer (ORR: 36.4%, ESMO 2019) and the early efficacy signals observed for advanced cervical cancer in the AK104-201 study, we have initiated a Phase II registrational trial in China to evaluate AK104 as a monotherapy for the treatment of 2L/3L cervical cancer. The first patient in this study was enrolled in September 2019. We expect to submit an NDA to the NMPA for AK104 monotherapy for this indication in the second half of 2021.

  Moreover, we received the written consent from the FDA in January 2020 regarding the overall study design of a planned registrational trial in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for cervical cancer via the accelerated approval pathway. Pembrolizumab, a PD-1 monoclonal antibody, received an accelerated approval from the FDA for PD-L1 positive cervical cancer based on an ORR of 14.3% in the clinical trials. For cervical cancer where PD-1 and CTLA-4 co-expression is observed in tumor infiltrating lymphocytes, AK104, as a PD-1/CTLA-4 bi-specific antibody, could be expected to increase the ORR further as compared to PD-1 antibody alone.

- MSI-H solid tumors: PD-1 immunotherapy alone or in combination with CTLA-4 immunotherapy have proved its efficacy in MSI-H solid tumors. Nivolumab monotherapy and combination therapy of nivolumab and ipilimumab have been approved by the FDA for previously treated dMMR/MSI-H advanced colorectal cancer, and pembrolizumab has been approved by the FDA for previously treated dMMR/MSI-H advanced solid tumors. Given early efficacy signals observed for MSI-H colorectal cancer in the AK104-101 study conducted in Australia, we are planning to enroll the first patient in a Phase II trial for AK104 as a monotherapy in patients with ≥2L MSI-H solid tumors in China in the first half of 2020.

- NPC: One essential feature of NPC, predominantly WHO class 2 and 3 subtypes, is the association with Epstein-Barr virus infection, intensive lymphocyte infiltration, and increased PD-L1 expression. In a reported study, six out of eight advanced NPC patients who were previously treated with ipilimumab have achieved partial response after receiving PD-1 antibody. These patients had a significantly higher response rate to subsequent PD-1 monotherapy than those without previously using ipilimumab. Although this subgroup analysis was not pre-specified and remains exploratory, it might encourage other clinical trials to assess the PD-1 and CTLA-4 pathway inhibition for treating NPC. In China, we plan to enroll the first patient in a Phase II trial for AK104 as a monotherapy in patients with ≥3L NPC in the first half of 2020.

Major indications

We are evaluating AK104 (PD-1/CTLA-4) for the treatment of some of the most prevalent cancer types, such as gastric cancer, HCC and NSCLC. The combination therapy of PD-1 and CTLA-4 antibodies, such as nivolumab plus ipilimumab combination therapy, has demonstrated better efficacy than PD-1 monotherapy or other combination therapy using PD-1 antibody.

- Gastric cancer: According to Frost & Sullivan, there were 0.4 million patients with gastric cancer in China in 2018. PD-1 antibodies have not been shown to be particularly effective for improving the patients' survival of gastric cancer, either as a monotherapy or in combination with chemotherapy. In comparison, the combination of nivolumab and ipilimumab has demonstrated significant anti-tumor activity with a reported ORR of 24%, as compared to 12% in nivolumab monotherapy, while the incidence rate of ≥ Grade 3 SAEs also increased significantly to 47%, as compared to 17% in nivolumab monotherapy. With the encouraging clinical results from the combination therapy, we see gastric cancer as one of the major cancer indications for which AK104 might bring substantial clinical benefit. We have initiated a Phase Ib/II trial to evaluate AK104 in combination with oxaliplatin and capecitabine in patients with 1L gastric or GEJ adenocarcinoma as

part of our AK104-201 trial. Please refer to "–Summary of clinical results" for more information. In addition, we plan to enroll the first patient in a Phase Ib/II trial to evaluate AK104 monotherapy for ≥2L gastric or GEJ adenocarcinoma in the first half of 2020.

- HCC: According to Frost & Sullivan, the aggregate incidence of HCC reached 0.4 million in China in 2018. The combination of nivolumab and ipilimumab has demonstrated significant efficacy in HCC, with a reported median overall survival (OS) of more than 20 months, while the full potential of nivolumab plus ipilimumab combination therapy has been limited by relatively high toxicity. To address this large market opportunity, we are conducting a Phase II trial to evaluate AK104 for the treatment of 2L HCC in China as part of our AK104-201 trial, and we plan to enroll the first patient in a Phase II trial to develop AK104 in combination with tyrosine kinase inhibitor for 1L HCC in China around mid-2020. We expect to further explore AK104's potential in HCC with a global Phase III trial in the near future.

- NSCLC: Lung cancer has the highest incidence among cancer types in China, among which NSCLC accounts for approximately 85% of the lung cancer population. Based on reported clinical data, nivolumab and ipilimumab combination therapy has demonstrated encouraging anti-tumor effects for lung cancer patients. As a bi-specific antibody targeting both PD-1 and CTLA-4, AK104 has a potentially comparable efficacy to the nivolumab and ipilimumab combination therapy and a favorable safety profile. In China, we enrolled the first patient in a Phase Ib/II clinical trial (AK104-202) for AK104 as monotherapy in 2L/3L NSCLC patients in December 2019.

PD-(L)1 relapsed/refractory population

In recent years, PD-1 antibody has been adopted as standard of care across a range of tumor types, and hence PD-1/PD-L1 relapsed/refractory tumors represent a particularly large unmet medical need. As PD-1 and CTLA-4 antibody combination therapy has demonstrated better efficacy than PD-1 immunotherapy in a variety of tumor types, we believe PD-1/CTLA-4 bi-specific antibodies, such as AK104, are likely to have clinical potential as treatment for cancer types with significantly unmet medical needs and in particular PD-1/PD-L1 relapsed/refractory tumors.

- PD-(L)1 R/R NSCLC: Encouraged by the promising clinical trial results from the combination therapy of PD-1 antibody and CTLA-4 antibody, we specifically designed our clinical trials to target PD-1/PD-L1 relapsed/refractory NSCLC. In China, we enrolled the first patient in a Phase Ib/II clinical trial (AK104-202) for AK104 as monotherapy in 2L/3L locally advanced unresectable or metastatic NSCLC patients including PD-1/PD-L1 relapsed/refractory NSCLC patients in December 2019.

- PD-(L)1 R/R Melanoma: The combination therapy of CTLA-4 and PD-1 antibodies has proven to be clinically more beneficial to advanced melanoma patients as compared to PD-1 monotherapy. To evaluate the efficacy of AK104 in patients with 2L PD-1/PD-L1 relapsed/refractory melanoma, we included this indication as one of the selected tumor types for Phase Ib trial conducted in Australia (AK104-101). In China, we enrolled the first patient in a Phase II clinical trial for AK104 as monotherapy for previously treated advanced melanoma, including PD-(L)1 relapsed/refractory melanoma in January 2020.

Global strategy

We also expect to pursue multi-center global registrational trials of AK104 (PD-1/CTLA-4) for a variety of cancer indications, assuming our Phase II trial results remain positive.

In March 2019, we received IND approval from the FDA to initiate a Phase Ib/II clinical trial in the United States for AK104 as monotherapy in solid tumors, as well as a combination trial with other agents for solid tumors. We are planning to conduct a Phase II trial for AK104 monotherapy in patients with 2L/3L cervical cancer in the United States and Australia. We plan to combine data from two studies, including Phase II study for cervical cancer conducted in the United States or Australia and the cervical cancer cohort in the AK104-201 study conducted in China, for NDA submission to the FDA or the Therapeutic Goods Administration of Australia (TGA). In January 2020, we received the written consent from the FDA regarding the overall study design of a planned registrational trial of AK104 in the U.S. for 2L/3L cervical cancer patients and for potentially submitting NDA application to the FDA for cervical cancer via the accelerated approval pathway.

We have submitted our early clinical data for AK104 from the AK104-101 and AK104-201 studies and requested meeting discussion with the FDA regarding the pathway for accelerated approval of AK104 monotherapy for the treatment of patients with advanced endometrial cancer, including MSI-H endometrial cancer patients, who have progressed after standard chemotherapy. The FDA agreed that we can conduct a single-arm registrational trial in advanced endometrial cancer, and the data collected from sites in the United States and China with ORR as primary endpoint can be used to support the application for accelerated approval for this indication. We believe this demonstrates FDA's recognition of AK104's eligibility for accelerated approval.

The table below sets forth details of our clinical development plan for AK104 (PD-1/CTLA-4).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Advanced or metastatic solid tumors	Phase Ia/Ib	Mono	Phase I: October 2017; Phase Ib: 1H 2020	–	Australia and US
Advanced or metastatic solid tumors*	Phase Ib/II	Mono	January 2019	–	China
1L GC or GEJ adenocarcinoma*	Phase Ib/II	Combo (with mXELOX)	January 2019	–	China
2L/3L cervical cancer*	Phase II	Mono	September 2019	2H 2021	China/NMPA
2L HCC*	Phase II	Mono	August 2019	–	China
2L ESCC*	Phase II	Mono	August 2019	–	China
2L/3L cervical cancer	Phase II	Mono	1H 2020	2H 2021	US/FDA and Australia/TGA
1L HCC	Phase II	Combo (with TKI)	mid-2020	–	China
≥3L NPC	Phase II	Mono	1H 2020	–	China
≥2L MSI-H/dMMR solid tumors	Phase II	Mono	1H 2020	–	China
≥2L PTCL	Phase Ib/II	Mono	1H 2020	–	China
2L/3L NSCLC (PD-(L)1 R/R)**	Phase Ib/II	Mono	December 2019	–	China
≥2L melanoma (PD-(L)1 R/R)**	Phase Ib/II	Mono	January 2020	–	China
≥2L GC or GEJ adenocarcinoma**	Phase Ib/II	Mono	1H 2020	–	China
2L/3L TNBC**	Phase Ib/II	Mono	1H 2020	–	China
2L/3L UC**	Phase Ib/II	Mono	1H 2020	–	China

Abbreviations: 1H = first half; 2H = second half; 1L = first-line; 2L = second-line; 3L = third-line; combo = combination therapy; dMMR = mismatch repair deficient; ESCC = esophageal squamous cell carcinoma; GC = gastric cancer; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; Mono = monotherapy; MSI-H = microsatellite instability-high; NPC = nasopharyngeal cancer; NSCLC = non-small cell lung cancer; PTCL = peripheral T cell lymphoma; R/R = refractory/relapsed; TNBC = triple negative breast cancer; UC = urothelial carcinoma.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

* denotes the indications evaluated in the basket trial No. 1.** denotes the indications evaluated in the basket trial No. 2. If promising efficacy signals are observed in these selected indications, we may expand these basket trials into a registration trial or initiate a Phase III trial (which may include the sites in the U.S.).

Market Opportunity and Competition

The market opportunity for AK104 (PD-1/CTLA-4) centers on two distinct cancer groups:

- *PD-(L)1 Responsive Cancer Group*. This group is comprised of cancer types that are responsive to PD-(L)1 antibody monotherapy. We expect AK104 to generate even better responses in some PD-(L)1 responsive cancer types than approved PD-(L)1 monotherapies. Currently available clinical data suggest that some of the most prevalent cancers in China, such as lung, liver, colorectal and esophageal cancers, are responsive to PD-(L)1 antibodies. In addition, there are other cancer types (such as bladder, melanoma and kidney cancers) for which PD-(L)1 antibodies have been approved, were in clinical trials, and could potentially be approved.

    - This group also includes patients with cancer types that are responsive to PD-(L)1 antibody monotherapy generally and yet also relapsed after such treatment. These patients present market opportunity for AK104 as an additional treatment option after PD-(L)1 monotherapy. The idea is supported by a published study where patients with advanced melanoma were treated with the combination therapy of PD-1 (nivolumab) and CTLA-4 (ipilimumab) monoclonal antibodies after progression on PD-1 monotherapy, resulting in an ORR of 21.2% (7 out of 33 patients), a DCR of 33.3% (11 out of 33 patients) and a one-year overall survival rate of 55%.

- *PD-(L)1-based Combination Therapy Responsive Cancer Group*. This group is comprised of cancer types that are not meaningfully responsive to PD-(L)1 antibody monotherapy. However, some of these cancer types, including gastric, SCLC and sarcoma, have shown responsiveness to combination therapy using nivolumab and ipilimumab, and we expect AK104 to generate even better responsiveness in some PD-(L)1 poorly-responsive cancer types.

Competition for AK104 consists of the following categories of therapies:

PD-(L)1 antibody monotherapies

There are currently six approved PD-1 therapies and two approved PD-L1 therapy in China, including: Bristol-Myers Squibb's Opdivo (nivolumab), which is approved for the second-line treatment of NSCLC and HNSCC; Merck's Keytruda (pembrolizumab), which is approved for the second-line treatment of melanoma and first-line treatment of NSCLC; Innovent's (信達生物) Tyvyt (達伯舒) (sintilimab), which is approved for the third-line treatment of cHL; Junshi's (君實生物) Tuoyi (拓益) (toripalimab), which is approved for the second-line treatment of melanoma; Hengrui's (江蘇恒瑞) AiRuiKa (艾瑞卡) (camrelizumab), which is approved for the third-line treatment of cHL; Beigene's (百濟神州) Baizean (百澤安) (tiselizumab), which is approved for the third-line treatment of cHL; AstraZeneca's Imfinzi (durvalumab), which is approved for the second-line treatment of NSCLC; and Roche's Tecentriq (atezolizumab), which is approved for the first-line treatment of SCLC.

In addition to the foregoing indications, there were currently 89 Phase III trials ongoing for the use of PD-1 antibody therapies for various indications, involving the foregoing approved drugs, as of the Latest Practicable Date.

Combination therapies targeting PD-(L)1/CTLA-4

There is currently only one approved combination therapy of PD-(L)1 and CTLA-4 monoclonal antibodies, namely using Bristol-Myers Squibb's Opdivo (nivolumab) and Yervoy (ipilimumab). This combination therapy is currently approved for three indications, namely unresectable or metastatic melanoma, renal cell carcinoma and high-MSI or deficient mismatch repair metastatic colorectal cancer. In addition, FDA granted priority review to the NDA application of nivolumab and ipilimumab combination therapy as the first-line treatment for NSCLC in January 2020. There are currently four combination therapies in ongoing Phase III clinical studies for the treatment of various indications using combination therapy of PD-(L)1 and CTLA-4 monoclonal antibodies, including 12 clinical studies using nivolumab and ipilimumab, one using ipilimumab and Merck's pembrolizumab, and seven using AstraZeneca's durvalumab and tremelimumab.

Bi-specific PD-(L)1/CTLA-4 monotherapies

There are currently no approved bi-specific PD-(L)1/CTLA-4 monotherapies. However, there are five bi-specific PD-(L)1/CTLA-4 monotherapies in ongoing clinical trials for the treatment of solid tumors globally, including our AK104, MedImmune's MEDI-5752, Xencor's XmAb-20717, MacroGenics's MGD-019 and Alphamab's KN046 (PD-L1/CTLA-4). Among these candidates, our AK104 is the first to have entered both Phase I and Phase II clinical trials. For further details, please refer to the section headed "Industry Overview – 2. Global and China Immuno-oncology Market – 2.4 Major Immuno-oncology Therapies" in this prospectus.

Licenses, Rights and Obligations

As AK104 (PD-1/CTLA-4) is internally discovered and developed by us, we maintain the global rights to develop and commercialize AK104.

Material Communications

We are in discussion with the NMPA and the FDA to initiate a registration trial of AK104 (PD-1/CTLA-4) in cervical cancer based on the approved IND. We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK104 SUCCESSFULLY.

Penpulimab (AK105) (PD-1)

Penpulimab (AK105) is an innovative, potentially best-in-class humanized monoclonal antibody against PD-1. Penpulimab (AK105) has a few important differentiating features compared with currently marketed PD-1 antibodies. First, through Fc region engineering, the Fc receptor and complement mediated effector function of penpulimab (AK105) is completely removed, in contrast to regular IgG4 antibodies like nivolumab and pembrolizumab, which still retain some effector function. Many studies have shown that effector functions compromise anti-tumor activities of PD-1 antibody, and our penpulimab (AK105) sidesteps the undesired effector function and thereby generates potentially increased efficacy. Second, penpulimab (AK105) features slower antigen binding off-rate as compared with nivolumab and pembrolizumab, which translates to better cellular activity and more complete receptor occupancy (RO) of penpulimab (AK105) over nivolumab (no RO data was reported for pembrolizumab). These features were designed to offer more robust biological effect and enhance anti-tumor activity of penpulimab (AK105).

We are developing penpulimab (AK105) for use in combination therapy with Chia Tai Tianqing's (Sino Biopharm's principal subsidiary) anlotinib, an approved novel multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis, for the first-line treatment of non-squamous NSCLC and HCC, and in combination therapy with chemotherapy for the first-line treatment of both squamous and non-squamous NSCLC. We are also developing penpulimab (AK105) as a monotherapy for the treatment of relapsed/refractory classical Hodgkin's lymphoma and NPC.

Mechanism of Action

PD-1 is a protein on the surface of T-cells and is one of the proteins referred to as an "immune checkpoint". The normal function of PD-1 is to prevent the T-cell mediated immune response from attacking normal cells in the body when certain proteins called the PD-1 ligand 1 (PD-L1) or the PD-1 ligand 2 (PD-L2) on the surface of a normal cell bind to it. Some cancer cells can express high level of PD-L1 and PD-L2 to bind to the PD-1 on T-cells and thereby help the cancer cells evade T-cell attacks. Penpulimab (AK105) binds to PD-1 and blocks it from binding to both PD-L1 and PD-L2. This prevents the PD-1 found on T-cells from binding with the PD-L1 and PD-L2 found on cancer cells, which allows the T-cells to kill the cancer cells.

Our penpulimab (AK105) is differentiated from all currently approved PD-1 antibodies in that penpulimab (AK105) does not have the potentially detrimental binding affinity for certain Fc receptors. The interaction of Fc portion of many therapeutic anti-tumor immunoglobulin G (IgG) antibodies with Fcγ receptors (FcγRs) on effector cells, such as natural killer (NK) cells and macrophages, is considered crucial for their therapeutic activities. This is largely a result from the killing of tumor cells coated with IgG antibodies by FcγR-expressing effector cells,

a process referred to as antibody-dependent cellular cytotoxicity (ADCC) or antibody-dependent cellular phagocytosis (ADCP). By contrast, it has been reported that PD-1 antibodies demonstrated reduced anti-tumor activity when their Fc portion was able to engage FcγRs. As PD-1 is highly expressed on cytotoxic T cells expressing cell surface glycoprotein CD8 (CD8+ T-cells), FcγR engagement by PD-1 antibody leads to ADCC or ADCP, and will likely lead to killing of CD8+ T-cells coated with PD-1 antibody, resulting in reduced anti-tumor activity of PD-1 antibody. To prevent such T-cell-targeted ADCC or ADCP and to enhance PD-1 antibody's anti-tumor activities, we engineered our penpulimab (AK105) to effectively eliminate FcγR engagement and avoid T-cell-targeted ADCC and ADCP.

Current anti-PD-1 Therapies and Limitations

Through meta-analysis of twelve clinical trials with 6,700 patients (including 6 trials for nivolumab, 4 trials for pembrolizumab and 2 trials for atezolizumab), the overall response rate of PD-(L)1 antibody monotherapy for solid tumors is only 21.9%[1]. Moreover, the clinical efficacy of an antibody drug depends upon several factors. The most important factor is the ability of the antibody to bind to the target with sufficient affinity and duration. We believe that certain currently approved antibodies against PD-1 have biological characteristics that could be enhanced, such as binding avidity, antigen off-rate and receptor occupancy rate.

Furthermore, besides nivolumab and pembrolizumab, which are approved in China for the treatment of NSCLC, the PD-1 antibody therapies that are currently approved in China are approved for indications with smaller incidences, namely cHL and melanoma, which had incidences in China in 2018 of approximately 4,800 and 7,400, respectively, according to Frost & Sullivan.

Potential Advantages

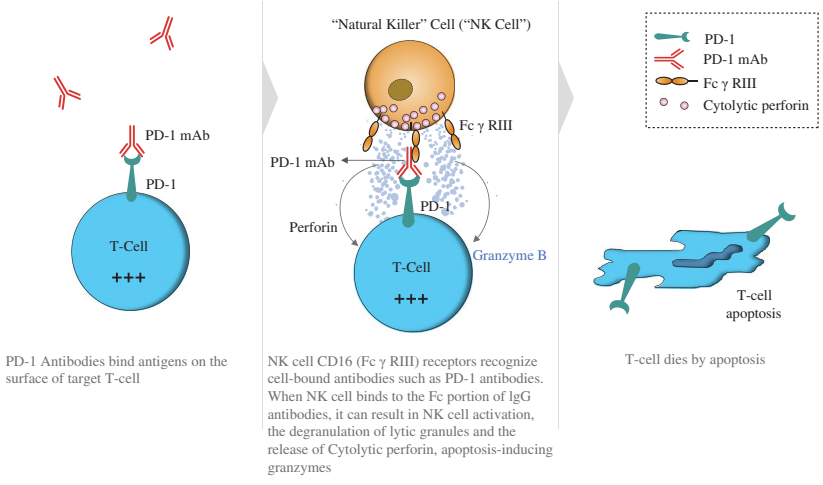
Penpulimab (AK105) (PD-1) has the potential to be a differentiated PD-1 antibody, based on characteristics that were designed into penpulimab (AK105) that improve its biological properties compared to other well-studied PD-1 antibody drugs such as nivolumab and pembrolizumab. We believe penpulimab (AK105) has the following competitive advantages:

1. Carretero-González A, Lora D, Ghanem I, *et al*. Analysis of response rate with ANTI PD1/PD-L1 monoclonal antibodies in advanced solid tumors: a meta-analysis of randomized clinical trials [J]. Oncotarget, 2018,9(9): 8706.

Avoidance of Fc-receptor-mediated effector function that compromises anti-tumor immune cell function

As mentioned above and set forth in the left-hand panel of the graphic below, Fc receptor binding activity generally, as well as ADCC, can inhibit the anti-tumor efficacy of PD-1 antibody treatments. However, penpulimab (AK105) (PD-1) was engineered to eliminate Fc receptor binding activity, particularly with respect to Fc-gamma receptors (FcγRs). As a result, penpulimab (AK105)'s anti-tumor efficacy is potentially higher than that of other marketed PD-1 antibody treatments. As set forth in the second diagram below, penpulimab (AK105) exhibits no binding effect with FcγR, as compared with nivolumab, which does exhibit FcγR binding. As a result, penpulimab (AK105) has demonstrated more complete removal of the ADCC effect compared to nivolumab, as set forth in third diagram below.

ADCC Effect



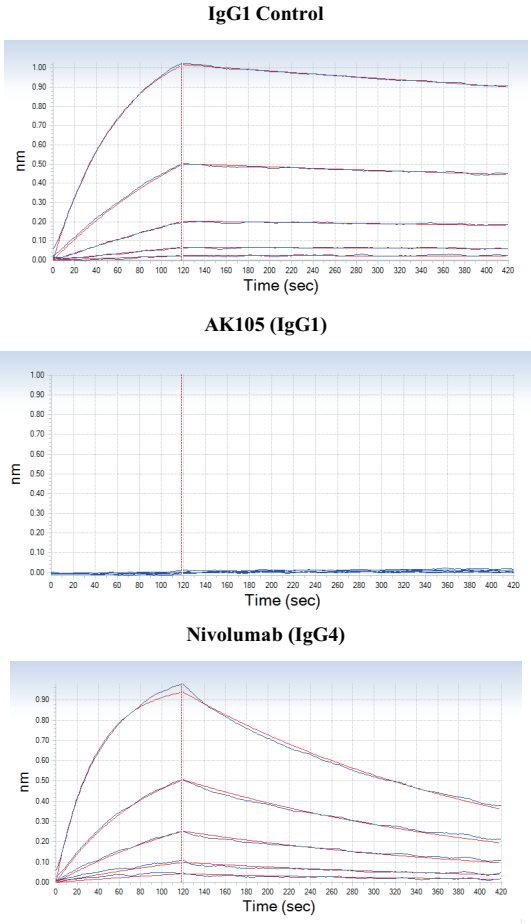
PD-1 Antibodies bind antigens on the surface of target T-cell

NK cell CD16 (Fc γ RIII) receptors recognize cell-bound antibodies such as PD-1 antibodies. When NK cell binds to the Fc portion of lgG antibodies, it can result in NK cell activation, the degranulation of lytic granules and the release of Cytolytic perforin, apoptosis-inducing granzymes

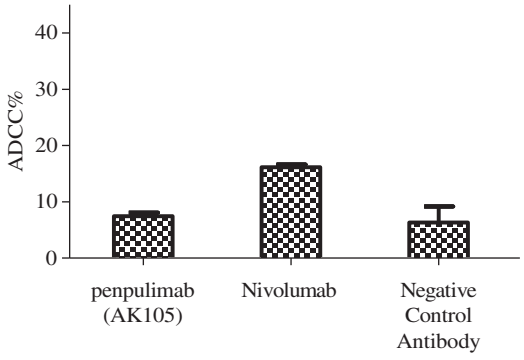
T-cell dies by apoptosis

Source: Company data

Penpulimab (AK105) does not bind to FcyR1 receptor measured by Biacore



Source: Company data



Source: Company data

Slower off-rate and better receptor occupancy

In addition, penpulimab (AK105) (PD-1) has demonstrated a slower PD-1 antigen binding off-rate than pembrolizumab and nivolumab, which results in better cellular activity and higher receptor occupancy in clinical trials, further improving clinical results.

A major contributor to the action of an antibody in the body is how the antibody engages the target, including how tightly the antibody binds its antigen and how long the antibody stays bound to the antigen. The binding avidity of an antibody consists of two opposing factors: the on-rate, which is the rate at which the antibody (penpulimab (AK105)) binds to the antigen (PD-1); and the off-rate which is the rate at which the antibody releases the antigen.

Penpulimab (AK105) was engineered to slow down its dissociation from PD-1 and thereby prolong the duration of its binding to PD-1 so as to allow more robust and longer inhibition of the PD-1 signal as compared to nivolumab and pembrolizumab. The following graph sets forth the side-by-side comparison of the binding kinetics of pembrolizumab, nivolumab and penpulimab (AK105):

Penpulimab (AK105) has a slower off-rate than pembrolizumab and nivolumab

PD-1 kinetic binding measured by Biacore

Antibody	KD(M)	K_a(1/Ms)	K_d(1/s)
Penpulimab	6.41E-10	9.59E+04	6.14E-05
Nivolumab	8.42E-10	4.25E+05	3.58E-04
Pembrolizumab	1.10E-9	3.41E+05	3.76E-04

Abbreviations: M = mole (unit for amount of substance); K_d = dissociation rate constant; K_a = association rate constant; KD = equilibrium dissociation constant; Ms = Milliseconds; s = second.

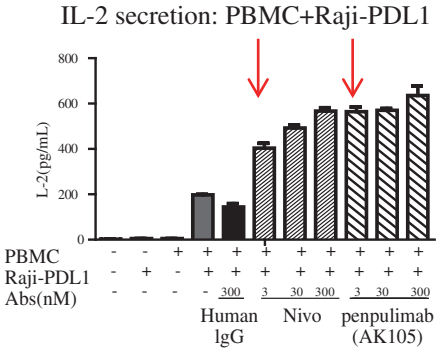
Note: An antibody with lower K_d has a slower off-rate.

Source: Company data

Improvements in binding affinity and binding kinetics lead to more robust activity of penpulimab (AK105) in *ex vivo* mixed lymphocyte reactions, which is a measure of the ability of human lymphocytes to recognize foreign cells and become activated. The degree of lymphocyte activation is measured by the induction of cytokines such as interleukin-2 (IL-2).

As set forth in the figure below, penpulimab (AK105) leads to greater induction of IL-2 than nivolumab:

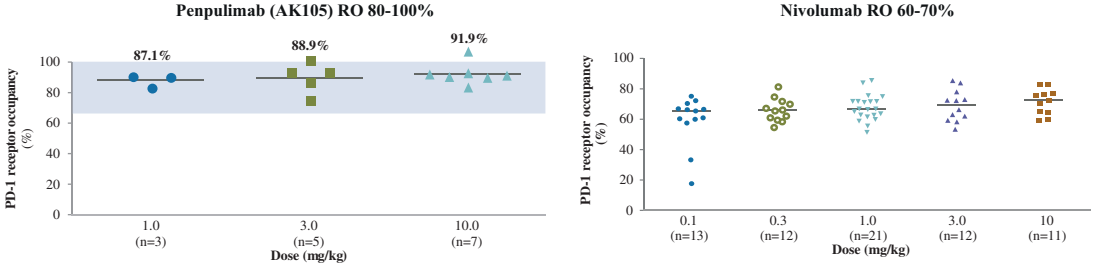
Penpulimab (AK105) outperforms nivolumab in mixed lymphocyte reaction cytokine induction



Abbreviations: IL-2 = interleukin-2; IgG = immunoglobulin G; pg = Picograms; DC = dendritic cells; PBMC = peripheral blood mononuclear cells; Abs (nM) = antibodies (nano molar).

PD-1 antibodies function by binding to PD-1 on the surface of T lymphocytes and blocking PD-1 binding to PD-L1 and PD-L2 on the surface of cancer cells. Penpulimab (AK105) receptor occupancy, i.e., the occupancy of cell surface PD-1 by penpulimab (AK105), is a measure of the fraction of PD-1 that is blocked on the surface of T lymphocytes, which can be measured using standard flow cytometry methodology. A higher occupancy receptor fraction for a longer period of time may potentially result in higher clinical efficacy. In the dose-escalation trial in Australia, we compared the receptor occupancy of PD-1 in patients during and after they are given penpulimab (AK105) to the published receptor occupancy for nivolumab. As set forth in the left panel of the following figure, penpulimab (AK105) had between 80% to 100% receptor occupancy for the full duration of a cycle of therapy at the 1, 3 and 10 mg/kg dose levels as of 18 October 2019. In comparison, published data show that, at the same 1, 3, and 10 mg/kg dose level, nivolumab had a receptor occupancy that falls within the range of approximately 60% to 70% throughout the cycle of therapy, as shown in the right panel of the following figure:

Receptor occupancy in patients after a single dose of PD-1 antibodies



Source: Company data

Encouraging anti-tumor activity observed in clinical studies

Improved biochemical properties, more robust receptor occupancy and longer blockade of PD-1 on lymphocytes lead to more robust pre-clinical efficacy of penpulimab (AK105) (PD-1), and could also lead to greater clinical benefit for patients across a range of tumor types. In the first-in-human study conducted in Australia and a basket study conducted in China, penpulimab (AK105) has demonstrated encouraging anti-tumor effects in patients with heavily pre-treated advanced solid tumors. Durable responses were seen in patients with HCC, pancreatic cancer, cholangiocarcinoma and glioma. In the Phase I study of relapsed/refractory classic Hodgkin lymphoma (cHL) conducted in China, promising efficacy results were also observed (three complete response (CR) and two partial response (PR) among five evaluable pre-treated patients). In a Phase Ib/II study conducted in China, penpulimab (AK105) in combination with anlotinib as first-line therapy for HCC also showed encouraging anti-tumor activities (six PR and 17 stable disease (SD) among 28 evaluable patients).

Furthermore, penpulimab (AK105) in combination with standard chemotherapy of pemetrexed and carboplatin has demonstrated promising anti-tumor activities as first-line therapy in subjects with advanced or metastatic non-squamous NSCLC in a Phase III trial in China. The response rate in the penpulimab (AK105) combination group was comparable to the published result of pembrolizumab in combination with standard chemotherapy as first-line therapy in advanced or metastatic non-squamous NSCLC.

Favorable safety profile

Penpulimab (AK105) (PD-1) showed a favorable safety profile both as a monotherapy and in combination with anlotinib. The incidence of immune-related adverse events (irAE), ≥ Grade 3 treatment-related adverse events (TRAE) and ≥ Grade 3 irAE was 25.6%, 4.3% and 3.0%, respectively, in 164 subjects with solid tumors who received penpulimab (AK105) monotherapy, which is lower than the incidence reported in the studies of pembrolizumab (irAE: 29.2%, ≥ Grade 3 TRAE:13.8%, and ≥ Grade 3 irAE: 9.7%). The incidence of treatment emergent adverse events (TEAE) leading to treatment discontinuation (12.9%) was observed for the combination therapy of penpulimab (AK105) and anlotinib for 1L advanced HCC study, as compared to the incidence of TEAE leading to treatment discontinuation (23.3%) observed for the combination therapy of pembrolizumab and lenvatinib for another 1L advanced HCC study. Although these were not head-to-head analyses, we believe that valuable insight can nonetheless be drawn from those comparisons.

Summary of Clinical Trial Results

Overview of penpulimab (AK105) (PD-1) clinical studies

We have initiated seven clinical studies in Australia and China. In Australia, we started the first-in-human open-label Phase Ia/Ib study and the Phase Ib part is ongoing. In China, we started six clinical studies in subjects with nasopharyngeal carcinoma (NPC), non-small cell lung cancer (NSCLC), classic Hodgkin lymphoma (cHL) and hepatocellular carcinoma (HCC).

Phase II studies in subjects with NPC and cHL are registrational studies for those indications and are still ongoing. Two double-blinded randomized Phase III registrational studies in subjects with squamous and non-squamous NSCLC are also ongoing. Preliminary clinical data from part of the study for non-squamous NSCLC have been unblinded and included in the summary of clinical results below. Except for part of the clinical data in the Phase III trial in patients with non-squamous NSCLC, this summary of clinical trial results do not include the summary of clinical results for those ongoing registrational studies as we have not performed any planned interim analyses.

Phase I/II studies in subjects with solid tumors

Two studies have been initiated to assess the safety, tolerability and anti-tumor activity in subjects with various solid tumor types. Study AK105-101 is the first-in-human Phase Ia/Ib study conducted in Australia and study AK105-204 is a Phase Ib/II basket study conducted in China. We performed the below analyses based on the data from both trials cut off at February 10, 2020.

Study purpose, design and progress

The primary objectives of AK105-101 were to assess safety and tolerability, and determine the maximum tolerated dose (MTD)/maximum administered dose (MAD) and recommended Phase II dose (RP2D) of penpulimab (AK105) (PD-1) as a single agent administered in subjects with advanced or metastatic solid tumors, including relapsed or refractory patients. In the dose escalation phase, subjects received penpulimab (AK105) across three cohorts at 1 mg/kg, 3 mg/kg and 10mg/kg every two weeks intravenously. After the dose escalation phase, fixed dose of 200mg of penpulimab (AK105) every two weeks was chosen for the dose expansion phase. Dose escalation phase was completed and dose expansion phase is ongoing. As of the data cut-off date (February 10, 2020), 99 subjects were enrolled in the study with 16 subjects enrolled in dose escalation cohorts and 83 subjects enrolled in dose expansion cohorts.

The primary objectives of AK105-204 were to assess the safety and anti-tumor activity of penpulimab (AK105) as a single agent administered in subjects with selected advanced or metastatic solid tumors. Subjects will be enrolled in indication-specific cohorts and receive penpulimab (AK105) monotherapy at the dose level of 200mg every two weeks. As of data cut-off date (February 10, 2020), 65 subjects were enrolled.

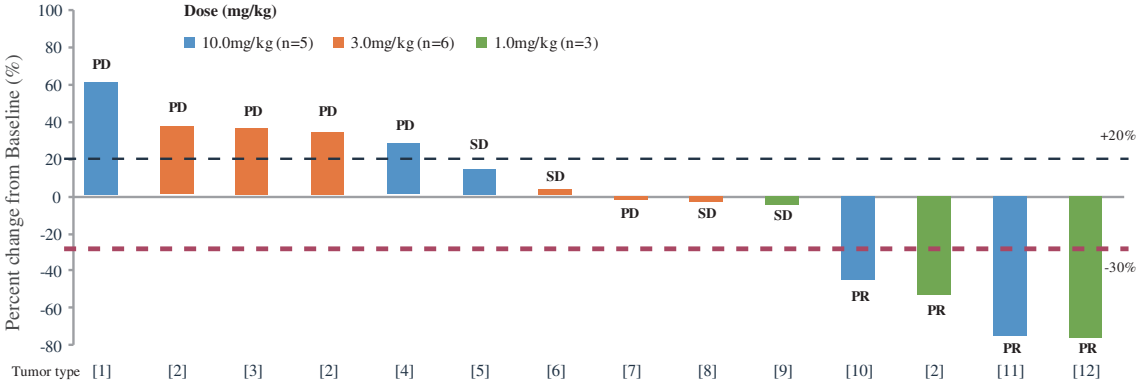
Pooled clinical data from 164 subjects with advanced or metastatic solid tumors (including 99 in AK105-101 and 65 in AK105-204) were used for the below analyses.

The median age of the 164 subjects enrolled was 63 years old (ranging from 30 to 91). These subjects had received a median of five doses (ranging from 1 to 55 doses and ongoing).

Efficacy results

The efficacy analyses below include the data of a total of 127 evaluable subjects, including 14 enrolled in the dose escalation phase of AK105-101, 65 enrolled in the dose expansion phase of AK105-204.

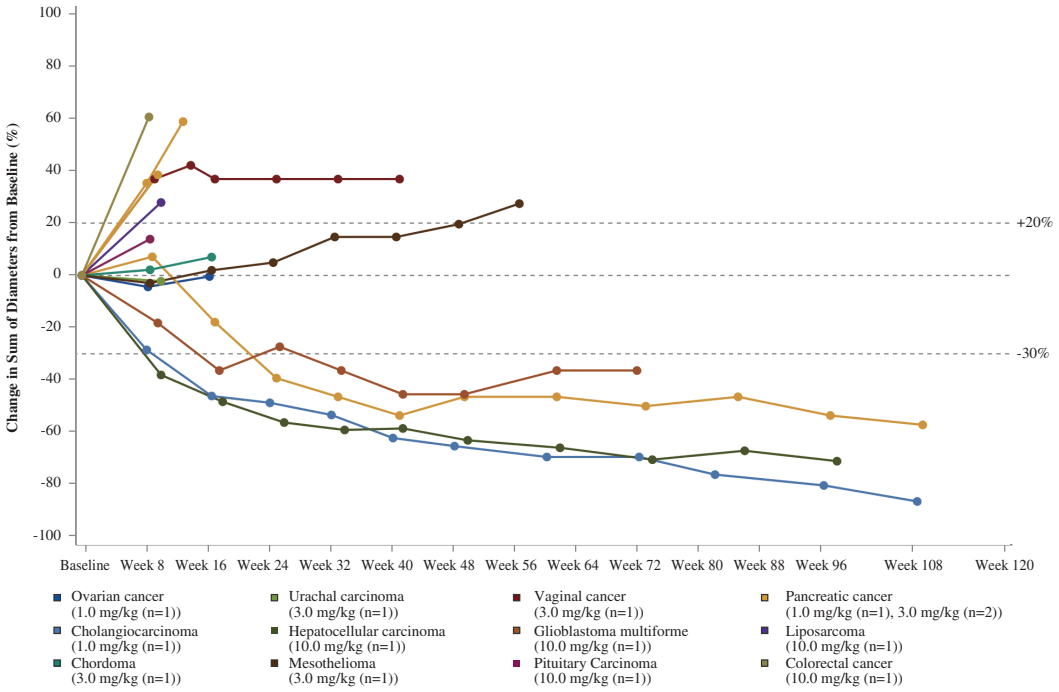
As of the data cut-off date, there were 14 evaluable subjects enrolled in the dose escalation phase of AK105-101. Evaluable subject was defined as a subject with at least one post-baseline tumor assessment. Of 14 evaluable subjects, four subjects achieved partial response (PR) and four subjects had stable disease (SD). The objective response rate (ORR) was 28.6% and disease control rate (DCR) was 57.1%. Tumor shrinkage in target lesions was observed in seven subjects (50%). The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject in the Phase Ia study.



[1]: Colorectal cancer;
[2]: Pancreatic cancer;
[3]: Vaginal cancer;
[4]: Liposarcoma;
[5]: Pituitary carcinoma;
[6]: Chordoma;
[7]: Urachal carcinoma;
[8]: Mesothelioma;
[9]: Ovarian cancer;
[10]: Glioblastoma multiforme;
[11]: Hepatocellular carcinoma;
[12]: Cholangiocarcinoma

Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 14 evaluable subjects in the dose escalation phase as measured by percent change from baseline in target lesions over time.



Source: Company data

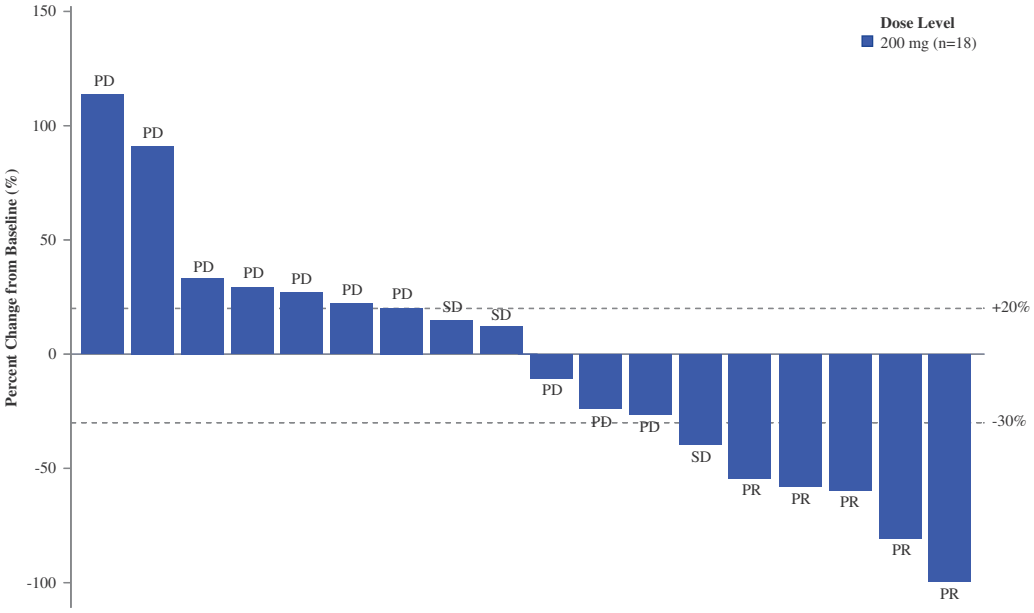
As of the data cut-off date, there were 113 evaluable subjects administrated with penpulimab (AK105) 200mg every two weeks in AK105-101 and AK105-204. Among 113 evaluable subjects, 18 subjects achieved PR and 34 subjects achieved SD. The ORR was 15.9% and DCR was 46.0%. The table below shows a summary of best overall response in 113 evaluable subjects administrated with penpulimab (AK105) 200mg every two weeks in these two studies.

Response, n (%)	**200mg Q2W in AK105-101 (N=65)**	**200mg Q2W in AK105-204 (N=48)**
CR	0	0
PR	12 (18.5%)	6 (12.5%)
SD	19 (29.2%)	15 (31.3%)
PD	34 (52.3%)	27 (56.3%)
ORR	18.5%	12.5%
DCR	47.7%	43.8%

Abbreviations: CR = complete response; DCR = disease control rate; ORR = objective response rate; PD = progressive disease; PR = partial response; SD = stable disease.

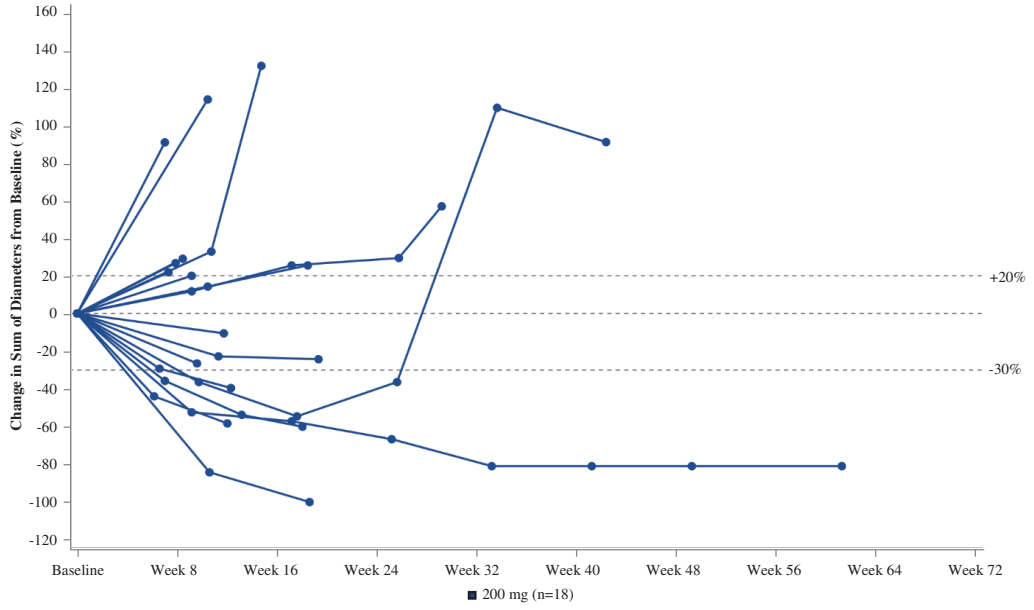
Source: Company data

We further analyzed the anti-tumor activity for various tumor types of interest. Among 18 evaluable subjects with gastric or GEJ adenocarcinoma administrated with penpulimab (AK105) 200 mg every two weeks, five subjects achieved PR and three subjects had SD. The ORR was 27.8% and DCR was 44.4%. Tumor shrinkage of target lesions was observed in nine subjects (50.0%). The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with gastric or GEJ adenocarcinoma.



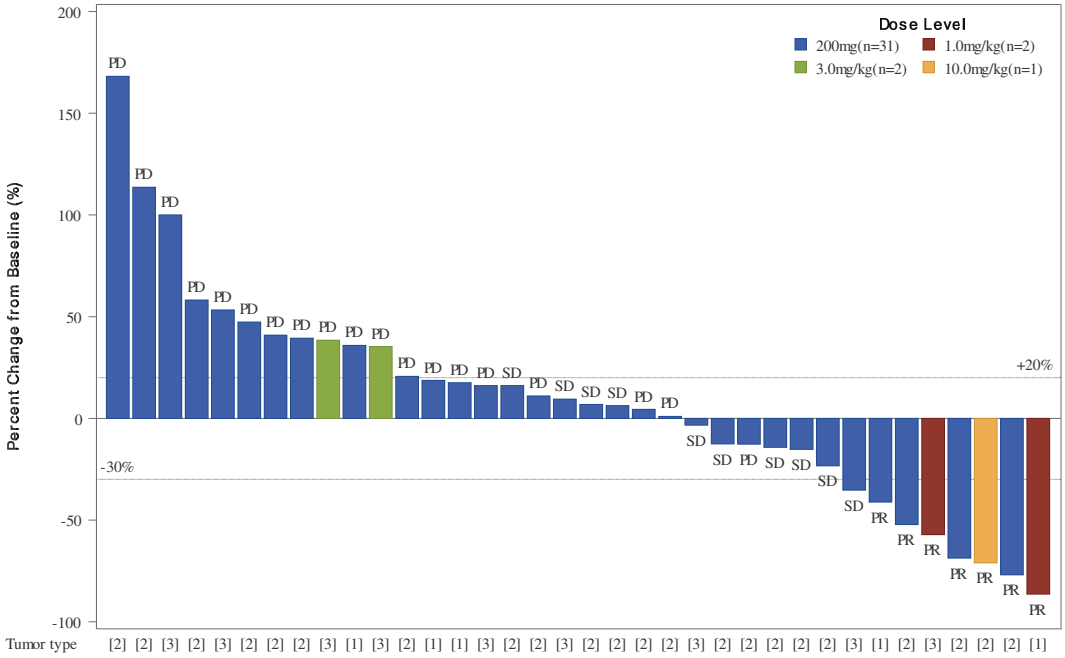
Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 18 evaluable subjects with gastric or GEJ adenocarcinoma administrated with penpulimab (AK-105) 200mg every two weeks as measured by percent change from baseline in target lesions over time.



Source: Company data

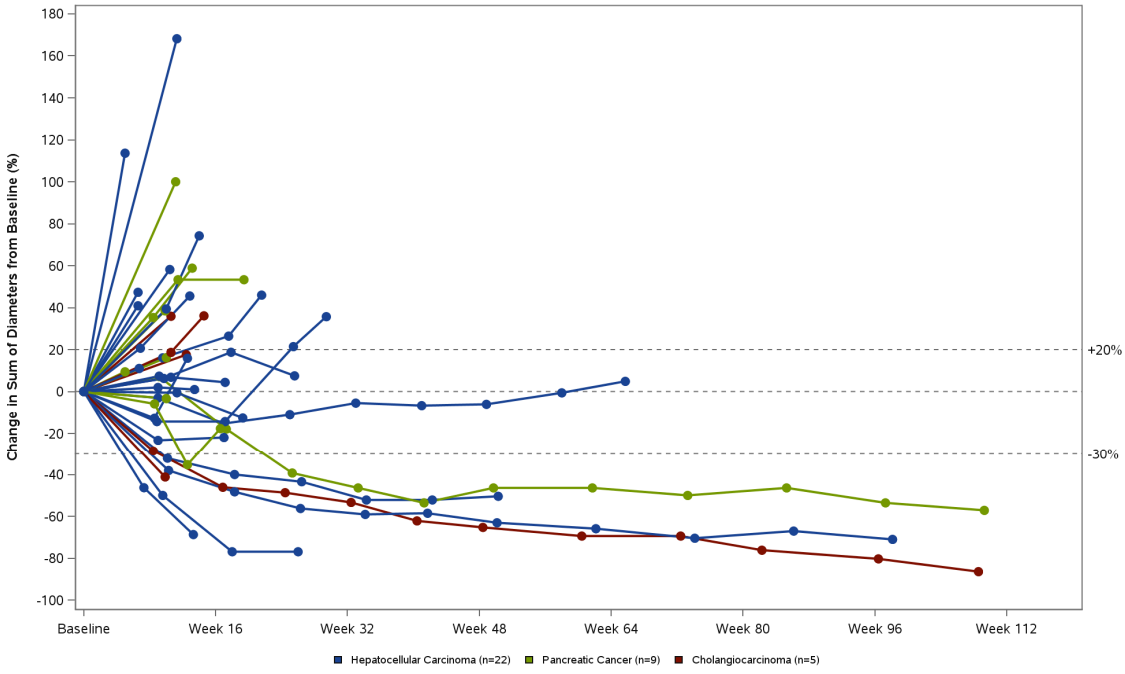
Among 36 evaluable subjects with HCC (n=22), cholangiocarcinoma (n=5) and pancreatic cancer (n=9), seven subjects achieved PR and ten subjects had SD. The ORR was 19.4% and DCR was 47.2%. Tumor shrinkage of target lesions was observed in 14 subjects (38.9%). The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with HCC, cholangiocarcinoma and pancreatic cancer.



[1]: Cholangiocarcinoma; [2] Hepatocellular carcinoma; [3] Pancreatic cancer.

Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 36 evaluable subjects with HCC, cholangiocarcinoma and pancreatic cancer as measured by percent change from baseline in target lesions over time.



Source: Company data

Safety results

The safety analyses below include the data of a total of 164 evaluable subjects, including 16 enrolled in the dose escalation phase of AK105-101, 83 enrolled in the dose expansion phase of AK105-101, and 65 enrolled in the dose expansion phase of AK105-204.

Details of the TRAEs observed from all 164 subjects and those who were enrolled in RP2D cohort (200mg Q2W) as of the data cut-off date are summarized in the below table.

Categories	**Total (N=164)**	**200mg Q2W (n=148)**
All TRAEs	83 (50.6%)	72 (48.6%)
≥ Grade 3 TRAEs	7 (4.3%)	5 (3.4%)
irAE	42 (25.6%)	34 (23.0%)
≥ Grade 3 irAEs	5 (3.0%)	3 (2.0%)
Treatment-related SAEs	7 (4.3%)	6 (4.1%)
TRAEs leading to discontinuation	1 (0.6%)	1 (0.7%)
TRAEs leading to death	1 (0.6%)	1 (0.7%)

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event; TRSAE = treatment-related serious adverse event
Source: Company data

The table below summarizes the most common TRAEs observed from all 164 subjects and those who were enrolled in RP2D cohort (200mg) as of the data cut-off date (any Grade ≥ 5%, or any ≥ Grade 3).

	All subjects (N=164)		**200mg Q2W(n=148)**	
TRAEs	**Any Grade**	**≥Grade 3**	**Any Grade**	**≥Grade 3**
Any TRAE	83 (50.6%)	7 (4.3%)	72 (48.6%)	5 (3.4%)
Rash	15 (9.1%)	0	15 (10.1%)	0
Alanine aminotransferase increased	11 (6.7%)	2 (1.2%)	10 (6.8%)	1 (0.7%)
Aspartate aminotransferase increased	9 (5.5%)	2 (1.2%)	8 (5.4%)	1 (0.7%)
Decreased appetite	9 (5.5%)	0	9 (6.1%)	0
Proteinuria	9 (5.5%)	0	9 (6.1%)	0
Gamma-glutamyltransferase increased	3 (1.8%)	1 (0.6%)	2 (1.4%)	1 (0.7%)
Hypertension	2 (1.2%)	1 (0.6%)	2 (1.4%)	1 (0.7%)
Gastrointestinal haemorrhage	1 (0.6%)	1 (0.6%)	1 (0.7%)	1 (0.7%)
Intestinal obstruction	1 (0.6%)	1 (0.6%)	1 (0.7%)	1 (0.7%)
Glucocorticoid deficiency	1 (0.6%)	1 (0.6%)	0	0
Hyponatraemia	1 (0.6%)	1 (0.6%)	0	0

Abbreviation: ALT = alanine aminotransferase; AST = aspartate aminotransferase; TRAE = treatment-related adverse event
Source: Company data

Conclusion

Penpulimab (AK105) (PD-1) exhibited a favorable safety profile in subjects with advanced or metastatic solid tumors and the preliminary efficacy results demonstrated encouraging anti-tumor activities across a range of tumor types. Our safety data also shows penpulimab (AK105) can be given safely in subjects up to 10.0 mg/kg Q2W.

AK105-201 Phase I/II study in subjects with cHL

Study AK105-201 is a Phase I/II, single-arm registrational study in subjects with relapsed/refractory cHL conducted in China. The data cut-off date of February 1, 2019 was used for the 2019 ASCO abstract presentation.

Study purpose, design and progress

The primary objectives were to assess anti-tumor activity of penpulimab (AK105) (PD-1) administered as a single agent in subjects with relapsed/refractory cHL by ORR, and to evaluate safety and tolerability profile.

Subjects eligible had relapsed/refractory cHL with progression after most recent therapy that is either autologous hematopoietic stem cell transplantation, or at least two lines of prior chemotherapy. All subjects enrolled will receive penpulimab (AK105) monotherapy at the dose level of 200mg every two weeks. Phase I was the safety leading-in period with six subjects enrolled to assess the safety and tolerability of penpulimab (AK105) at 200mg every two weeks. After that, approximately 74 subjects will be enrolled in Phase II to determine the anti-tumor activity, safety and tolerability profile of penpulimab (AK105).

As of the data cut-off date, the median age of the 6 subjects enrolled in phase I was 26.5 years (range, 19 to 38). Subjects had received a median of 7 (3-12) doses of penpulimab (AK105) 200mg every two weeks.

Efficacy result

As of data cut-off date (February 1, 2019), among five evaluable heavily pretreated subjects, ORR was 100% (5/5, three CR and two PR). All three subjects achieved CR at the first tumor assessment (i.e., Week 8) and remained in CR at the last assessment (i.e., Week 24) prior to the data cut-off date. The other two subjects achieved PR at Week 8 and the responses are still ongoing.

Safety results

As of the data cut-off date, no DLT and SAE were reported. No immune-related Grade 2 or higher adverse reactions were reported. TRAEs occurred in five subjects (83%), with Grade 3 in one subject (17%). No Grade 4 or TRAE leading to treatment interruption or discontinuation was observed. Most frequent TRAEs (≥2 subjects) were hypothyroidism (33%, 2/6) and ALT increase (33%, 2/6).

AK105-203 Phase Ib/II study in subjects with HCC

Study AK105-203 is a Phase Ib/II study conducted in China to assess penpulimab (AK105) in combination with anlotinib as first-line therapy in subjects with unresectable advanced HCC. The data cut-off date of January 14, 2020 was used for the below analyses.

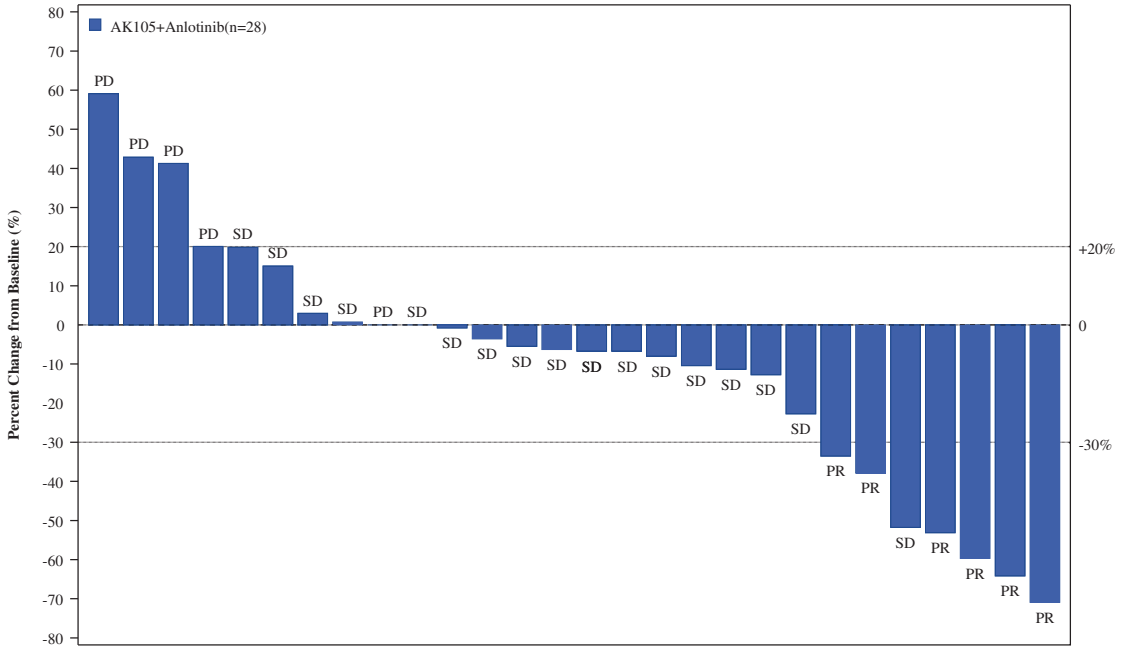
Study purpose and design

The primary objectives were to assess anti-tumor activity of penpulimab (AK105) (PD-1) in combination with anlotinib as first-line therapy in subjects with unresectable advanced HCC by ORR. Eligible subjects with unresectable advanced HCC will receive penpulimab (AK105) at 200mg every three weeks in combination with anlotinib at 8mg QD (2 weeks on 1 week off) as first-line therapy.

The median age of the 31 subjects enrolled was 56 years old (range, 23 to 74). Seven subjects (22.6%) were staged BCLC-B, while 24 subjects (77.4%) were staged BCLC-C. These subjects had received a median of six doses (range, 1 to 16 doses and ongoing).

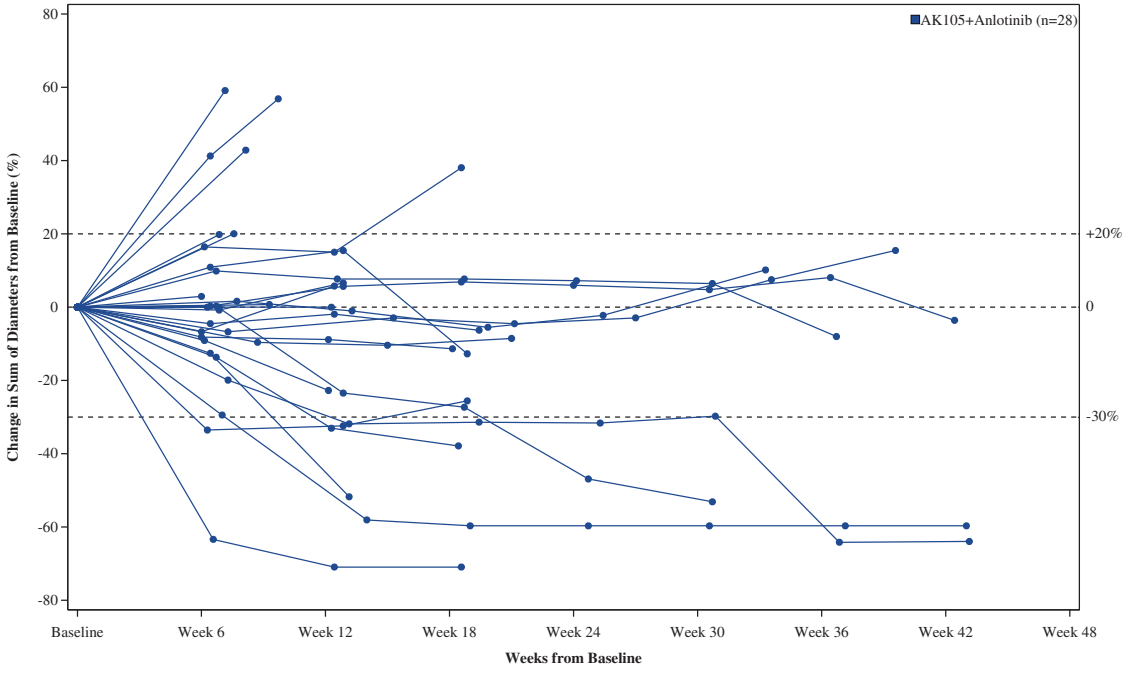
Efficacy results

As of the data cut-off date (January 14, 2020), there were 28 evaluable subjects administrated with penpulimab (AK105) (PD-1) in combination with anlotinib as first-line therapy. Evaluable subject was defined as a subject with at least one post-baseline tumor assessment. Of 28 evaluable subjects, six subjects achieved PR and 17 subjects had SD, including 3 subjects with ongoing duration of SD for more than 24 weeks as shown in the spider plots below. The ORR was 21.4% and DCR was 82.1%. Tumor shrinkage in target lesions was observed in 18 subjects (64%). The below waterfall plot shows the best percent change from baseline in target lesions for each evaluable subject with advanced HCC.



Abbreviations: PD = progressive disease; PR = partial response; SD = stable disease.
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 28 evaluable subjects with advanced HCC as measured by percent change from baseline in target lesions over time.



Source: Company data

Safety results

Details of the TRAEs observed from all 31 subjects as of the data cut-off date are summarized in the below table.

Categories	**Penpulimab (AK105) + Anlotinib (N=31)**
All TRAEs (related to penpulimab (AK105))	24 (77.4%)
≥ Grade 3 TRAEs (related to penpulimab (AK105))	1 (3.2%)
irAE	10 (32.3%)
≥ Grade 3 irAEs	1 (3.2%)
penpulimab (AK105)-related SAEs	0
TEAEs leading to discontinuation	5 (16.1%)
TRAEs leading to discontinuation (related to penpulimab (AK105))	2 (6.5%)
TRAE leading to death	0

Abbreviation: irAE = immune-related adverse event; SAE = serious adverse event; TRAE = treatment-related adverse event

The table below summarizes the most common TRAEs related to penpulimab (AK105) observed from 31 subjects as of the data cut-off date (showing total incidence in each category of TRAE ≥ 10% and incidence for each category of TRAE that is ≥Grade 3).

	Penpulimab (AK105) + Anlotinib (N=31)	
TRAEs	**Any Grade**	**≥ Grade 3**
Any TRAE	24 (77.4%)	1 (3.2%)
Aspartate aminotransferase increased	10 (32.3%)	0
Alanine aminotransferase increased	9 (29.0%)	0
Bilirubin conjugated increased	6 (19.4%)	0
Platelet count decreased	6 (19.4%)	0
Blood bilirubin increased	5 (16.1%)	0
Asthenia	5 (16.1%)	0
Rash	5 (16.1%)	0
Rash generalised	1 (3.2%)	1(3.2%)

Abbreviation: TRAE = treatment-related adverse event
Source: Company data

Conclusion

Based on the preliminary clinical data, the combination therapy of penpulimab (AK105) (PD-1) and anlotinib has demonstrated promising anti-tumor activities and a favorable safety profile as first-line therapy in subjects with unresectable advanced HCC.

AK105-301 Phase III study in subjects with subjects with non-squamous NSCLC

Study AK105-301 is a Phase III study conducted in China to assess penpulimab (AK105) in combination with standard chemotherapy of carboplatin and pemetrexed or anlotinib as first-line therapy in subjects with non-squamous NSCLC.

The study comprises two parts conducted sequentially. Part 1 is a double-blinded, randomized, placebo controlled study to assess the anti-tumor activity of penpulimab (AK105) in combination with pemetrexed and carboplatin. Part 2 is a double-blinded, randomized, placebo controlled study to assess the anti-tumor activity of penpulimab (AK105) in combination with chemotherapy or anlotinib.

Clinical data from Part 1 have been unblinded and analyzed. Part 2 is still ongoing without any analyses. The data cut-off date of January 10, 2020 was used for the below analyses of Part 1.

Study purpose and design (Part 1)

The primary objective was to assess anti-tumor activity of penpulimab (AK105) in combination with pemetrexed and carboplatin as first-line therapy in subjects with advanced or metastatic non-squamous NSCLC. Subjects with previously untreated advanced or metastatic non-squamous NSCLC without EGFR or ALK mutations, were randomly assigned, in a 2:1 ratio, to receive either penpulimab (AK105) at 200mg or placebo every three weeks, in each case in combination with pemetrexed and carboplatin at standard doses.

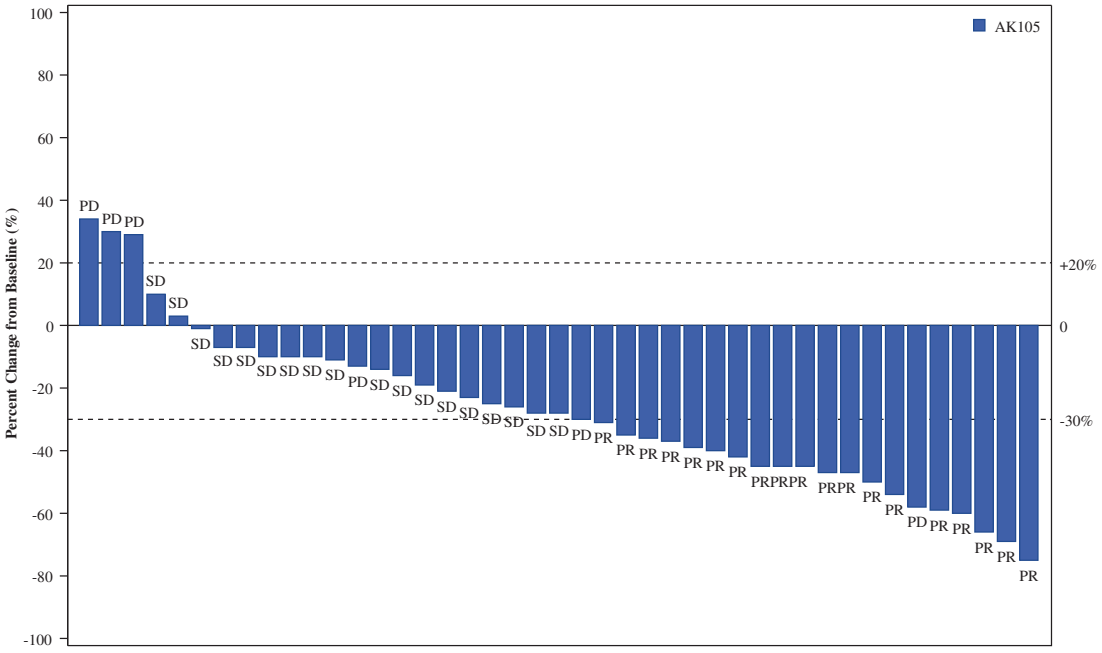
As of the data cut-off date (January 10, 2020), 69 subjects were enrolled, with 46 subjects assigned in penpulimab (AK105) combination group and 23 subjects in placebo combination group. The median age was 61(range, 37 to 72) and 64 years (range, 37 to 70), respectively.

Efficacy results

As of the data cut-off date, there were 43 evaluable subjects in penpulimab (AK105) combination group and 22 evaluable subjects in placebo combination group. Evaluable subject was defined as a subject with at least one post-baseline tumor assessment. Among 43 evaluable subjects in penpulimab (AK105) combination group, 19 subjects achieved PR. The ORR was 44.2% in penpulimab (AK105) combination group, as compared to 18.2% in placebo combination group.

The below waterfall plot shows the best percent change from baseline in target lesions for each of the 43 evaluable subject with advanced or metastatic non-squamous NSCLC in penpulimab (AK105) combination group.

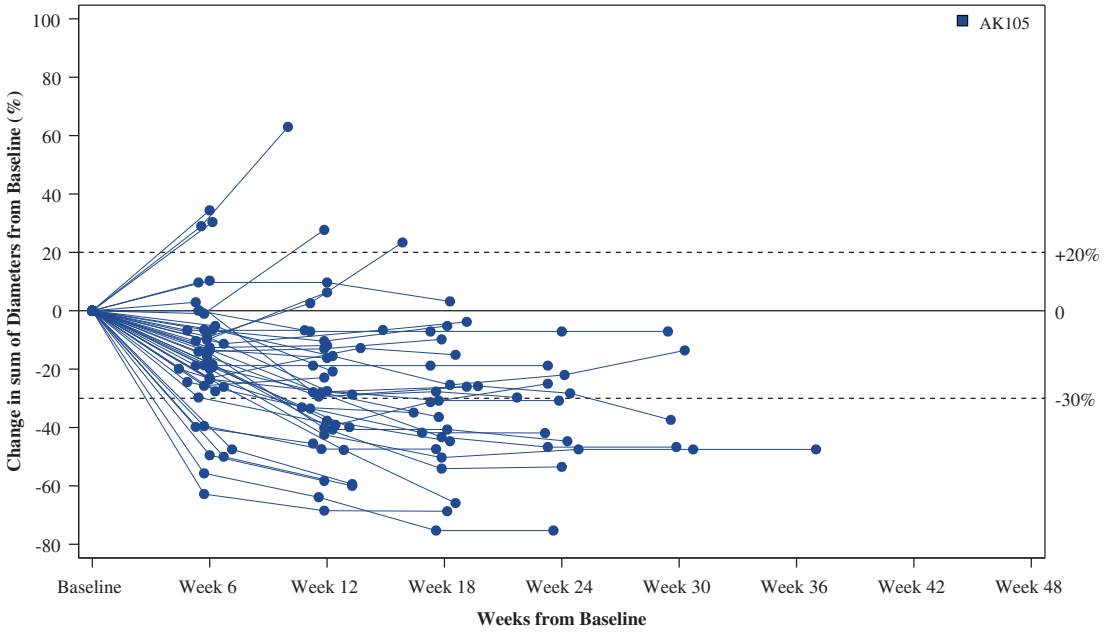
All Administered Subjects with Penpulimab (AK105) + Carboplatin and Pemetrexed (N = 43)



Abbreviation: PD = progressive disease; PR = partial response; SD = stable disease
Note: Status (PD, SD, PR) on each bar represents overall response.
Source: Company data

The below spider plot shows durable objective responses and disease stabilization of the 43 evaluable subjects with advanced or metastatic non-squamous NSCLC in penpulimab (AK105) combination group as measured by percent change from baseline in target lesions over time.

All Administered Subjects with Penpulimab (AK105) + Carboplatin and Pemetrexed (N = 43)



Source: Company data

Safety results

The table below summarizes the most common TRAEs related to any investigational drug observed from 46 subjects in penpulimab (AK105) combination group and 23 subjects in placebo combination group as of the data cut-off date (any Grade ≥10%, or any ≥ Grade 3).

Categories	Penpulimab + Chemo (AK105) (N=46)	Placebo + Chemo (N=23)
All TEAEs related to study medication	45 (97.8%)	22 (95.7%)
≥ Grade 3 TEAEs related to study medication	19 (41.3%)	7 (30.4%)
≥ Grade 3 irAE	3 (6.5%)	0
TESAE	15 (32.6%)	2 (8.7%)
Study medication related TEAEs leading to discontinuation	4 (8.7%)	0
Study medication related TEAEs leading to death	3 (6.5%)	0

Abbreviation: irAE = immune-related adverse event; TEAE = treatment emergent adverse events; TESAE = treatment emergent serious adverse event

Source: Company data

The table below summarizes the most common TRAEs related to study medication observed from the 46 evaluable subjects in Penpulimab (AK105) combination group and 23 subjects in placebo combination group as of the data cut-off date (any Grade ≥ 10%, if any ≥ Grade 3).

	Penpulimab(AK105) Combination (N=46)		Placebo Combination (N=23)	
TRAEs (related to any study drug)	**Any Grade**	**≥Grade 3**	**Any Grade**	**≥ Grade 3**
Anaemia	37 (80.4%)	5 (10.9%)	14 (60.9%)	3 (13.0%)
Neutrophil count decreased	21 (45.7%)	8 (17.4%)	11 (47.8%)	3 (13.0%)
ALT increased	22 (47.8%)	1 (2.2%)	9 (39.1%)	0
WBC decreased	20 (43.5%)	3 (6.5%)	9 (39.1%)	0
AST increased	15 (32.6%)	1 (2.2%)	7 (30.4%)	0
Platelet count decreased	12 (26.1%)	6 (13.0%)	3 (13.0%)	1 (4.3%)
Nausea	12 (26.1%)	1 (2.2%)	6 (26.1%)	0
Decreased appetite	8 (17.4%)	1 (2.2%)	1 (4.3%)	0
Leukopenia	9 (19.6%)	1 (2.2%)	1 (4.3%)	0
Neutrophilia	3 (6.5%)	1 (2.2%)	0	0
Lymphocyte count decreased	0	0	1 (4.3%)	1 (4.3%)
Cardiac failure acute	1 (2.2%)	1 (2.2%)	0	0
Pericardial effusion	1 (2.2%)	1 (2.2%)	0	0
Hypophysitis	1 (2.2%)	1 (2.2%)	0	0
Lung infection	2 (4.3%)	2 (4.3%)	0	0
Death	2 (4.3%)	2 (4.3%)	0	0
Sudden death	1 (2.2%)	1 (2.2%)	0	0
Lung abscess	1 (2.2%)	1 (2.2%)	0	0
Upper respiratory tract infection	1 (2.2%)	1 (2.2%)	2 (8.7%)	0
Pneumonitis	1 (2.2%)	1 (2.2%)	0	0

Abbreviation: TRAE = treatment-related adverse events
Source: Company data

Conclusion

Penpulimab (AK105) in combination with standard chemotherapy of pemetrexed and carboplatin has demonstrated promising anti-tumor activities as first-line therapy in subjects with advanced or metastatic non-squamous NSCLC. The addition of penpulimab (AK105) did not appear to increase the toxicities commonly associated with chemotherapy. The combination therapy of penpulimab (AK105) and standard chemotherapy is well tolerated.

Clinical Development Plan

We are executing a comprehensive clinical trial development plan in Australia, China and the United States targeting an array of cancer indications for our penpulimab (AK105) (PD-1).

Fast-to-market strategy

We have strategically chosen to conduct single-arm registrational trials for conditional approval of penpulimab (AK105) (PD-1) for the treatment of two cancer indications with few or no effective treatment options for heavily pretreated patients, including classic Hodgkin lymphoma (cHL) and nasopharyngeal cancer (NPC). We believe that these strategic choices will help accelerate penpulimab (AK105)'s regulatory approval process and commercial launch.

- cHL: With pivotal status granted by NMPA's Center for Drug Evaluation (CDE) to the Phase II trial, we enrolled the first patient in the Phase II pivotal trial of penpulimab (AK105) as a monotherapy for the treatment of 3L relapsed or refractory cHL in January 2019. We have completed the enrollment for this study and expect to submit an NDA to the NMPA around mid-2020.

- NPC: According to Frost & Sullivan, NPC is a highly prevalent cancer type in the southern parts of China. The severity of the disease and the scarcity of currently available therapies underscore the need for new therapies to fulfil a significant unmet medical need for NPC patients, especially those with metastatic NPC who have progressed on or after two or more prior lines of therapy including platinum-containing chemotherapy. While positive efficacy signals have been observed with PD-1 antibodies in general, so far no PD-1 antibody has received marketing approval from the NMPA or the FDA for NPC. Based on penpulimab (AK105)'s preliminary efficacy and safety data observed to date, we enrolled the first patient in a Phase II registrational trial to evaluate penpulimab (AK105) as a monotherapy in patients with 3L NPC in March 2019. The NMPA's CDE has granted pivotal trial status to this Phase II trial, which allows us to pursue early registration of penpulimab (AK105) for this indication under the accelerated approval pathway, if meaningful clinical benefit is observed in the target patient population. We expect to submit an NDA to the NMPA in the first half of 2021.

Major indications

We are also evaluating penpulimab (AK105) (PD-1) for the treatment of some large cancer indications, including lung cancer and HCC.

Combination therapy with anlotinib

There is a growing trend in the pharmaceutical industry to develop PD-1 antibody in combination with targeted therapies to induce a higher response rate and to reduce toxicity as compared to a combination of a PD-1 antibody and chemotherapy. We are actively exploring combination therapies using penpulimab (AK105) (PD-1) and Chia Tai Tianqing (Sino Biopharm's principal subsidiary) anlotinib, a targeted therapy and an approved multi-targeted tyrosine kinase inhibitor (TKI) that targets multiple receptor tyrosine kinases (RTKs) including vascular endothelial growth factor receptor type 2 (VEGFR-2) and type 3 (VEGFR-3). Early

clinical results from this combination therapy, as well as clinical results from other combination of a PD-1 antibody and a multi-targeted tyrosine kinase inhibitor (such as Eisai's lenvatinib), have shown potential for our combination of penpulimab (AK105) and anlotinib to achieve better clinical outcomes than PD-1 antibody monotherapy.

We are evaluating penpulimab (AK105) in combination with anlotinib for the treatment of 1L unresectable or metastatic HCC in a Phase Ib/II clinical trial in China as disclosed above in "– Summary of Clinical Trial Results." With the positive results we have observed in this Phase II trial so far, we plan to enroll the first patient in a Phase III trial for this combination in HCC in China in the first half of 2020 and expect to submit the NDA for HCC in the second half of 2022. In addition, we also enrolled the first patient in a Phase III trial for this combination in non-squamous NSCLC in China in January 2020 and expect to submit the NDA for non-squamous NSCLC in the first half of 2022. Both of these trials are the first and only Phase III trials for chemo-free combination therapies of a PD-1 antibody and anlotinib.

Having observed promising results from anlotinib as monotherapy across a range of tumor types and clinical results from other combination therapy of PD-1 antibody and a multi-targeted tyrosine kinase inhibitor (pembrolizumab and lenvatinib), we also plan to initiate trials in various cancer indications by using the combination of penpulimab (AK105) and anlotinib under our Sino Biopharm Collaboration.

Combination therapy with chemotherapy

Supported by penpulimab (AK105) (PD-1)'s efficacy and safety profile demonstrated in our early-stage clinical trials and the encouraging results observed in trials for the combination therapy using pembrolizumab and chemotherapy, we enrolled the first patient in one Phase III trial of penpulimab (AK105) in combination with chemotherapy for 1L squamous NSCLC in China in December 2018 and in one Phase III trial for 1L non-squamous NSCLC in July 2019. Upon the completion of those two Phase III studies, we expect to submit an NDA to the NMPA in the second half of 2021 and 2022.

Global strategy

We are carrying out a global strategy in the clinical development of penpulimab (AK105) (PD-1). In the United States, we have obtained two IND approval for penpulimab (AK105) for cervical cancer and solid tumors in March and April 2018, respectively, from the FDA and plan to initiate clinical trials for selected tumor types.

The table below sets forth details of our clinical development plan for penpulimab (AK105) (PD-1).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
advanced solid tumors	Phase Ia/Ib	Mono	December 2017	–	Australia
3L r/r cHL	Phase II	Mono	January 2019	mid-2020	China/NMPA
≥3L NPC	Phase II	Mono	March 2019	1H 2021	China/NMPA
1L HCC	Phase III	Combo (with anlotinib)	1H 2020	2H 2022	China/NMPA
1L nsNSCLC (excluding EGFR mutation and ALK translocation)	Phase III	Combo (penpulimab plus pemetrexed and carboplatin)	July 2019	2022	China/NMPA
		Combo (with anlotnib)	January 2020	2022	
1L squamous NSCLC	Phase III	Combo (penpulimab (AK105)/placebo plus paclitaxel and carboplatin)	December 2018	2H 2021	China/NMPA

Abbreviations: 1H = first half; 2H = second half; 1L = first-line; 2L = second-line; 3L = third-line; ALK = anaplastic lymphoma kinase; combo = combination therapy; cHL = classic Hodgkin's lymphoma; EGFR = epidermal growth factor receptor; HCC = hepatocellular carcinoma; Mono = monotherapy; NPC = nasopharyngeal cancer; NSCLC = non-small cell lung cancer; nsNSCLC = non-squamous non-small cell lung cancer; r/r = relapsed or refractory.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

Market Opportunity and Competition

We believe there is a significant commercial opportunity in China and globally for PD-1 antibody drugs with numerous indications including NSCLC, HCC, cHL and NPC.

Driven by a combination of factors, such as unhealthy lifestyle and pollution, it is estimated that the incidence of all cancers worldwide will reach 20.4 million in 2023 and 24.1 million in 2030, according to Frost & Sullivan. In China, the incidence of all cancers will reach 4.9 million in 2023 and 5.7 million in 2030, according to Frost & Sullivan.

According to Frost & Sullivan, worldwide sales in 2018 for the two approved PD-1 antibodies, Opdivo (nivolumab) and Keytruda (pembrolizumab), were US$7.6 billion and US$7.2 billion, respectively. The two approved PD-1 antibodies (Keytruda (pembrolizumab)

and Opdivo (nivolumab)) and the three approved PD-L1 antibodies Tecentriq (atezolizumab), Bavencio (avelumab) and Imfinzi (durvalumab)) accumulatively had worldwide sales of US$16.3 billion in 2018, which grew at a CAGR of 283.5% from 2014. With the increase in approved cancer indications for PD-1/PD-L1 antibody drugs and the launch of combination therapies, including PD-1/PD-L1 antibodies, it is expected that the global sales for this class of drugs will continue to grow over the next ten years and will reach US$63.4 billion in 2030. See "Industry Overview – 2. Global and China Immuno-oncology Market – 2.4 Major Immuno-oncology Therapies" for further information on the market opportunities for PD-1/PD-L1 antibody drugs.

Competition in the oncology therapeutic area to which penpulimab (AK105) (PD-1) belongs is significant, given the abundance of existing competing drugs and drug candidates that contribute to such competition in the market. As of the Latest Practicable Date, there were six approved anti-PD-1 therapies and two approved anti-PD-L1 therapy in China, including Bristol-Myers Squibb's Opdivo (nivolumab), Merck's Keytruda (pembrolizumab), Innovent (信達生物)'s Tyvyt (達伯舒) (sintilimab), Junshi Bioscience (君實生物)'s Tuoyi (拓益) (toripalimab), Hengrui (江蘇恒瑞)'s AiRuiKa (艾瑞卡) (camrelizumab), Beigene (百濟神州)'s Baizean (百澤安) (tislelizumab), AstraZeneca's Imfinzi (durvalumab) and Roche's Tecentriq (atezolizumab). Please see "Industry Overview – 2. Global and China Immuno-Oncology Market – 2.5 Competitive Landscape of PD-(L)1 & CTLA-4 Globally and in China – 2.5.1 PD-1 Inhibitors and PD-L1 Inhibitors - 2.5.1.2 China" for more information of penpulimab (AK105)'s competitors in China which either have been approved for marketing or are in late-stage clinical development.

In addition to the foregoing indications, there were currently 89 Phase III trials ongoing for the use of PD-1 antibody therapies for various indications, involving the foregoing approved drugs, as of the Latest Practicable Date.

Licenses, Rights and Obligations

We have formed a joint venture with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm, to accelerate our development of penpulimab (AK105) (PD-1). Chia Tai Tianqing manufactures most of Sino Biopharm's oncology drugs, and will act as our clinical development and commercialization partner for penpulimab (AK105) in China. This joint venture will provide us with access to Chia Tai Tianqing's strong commercial capabilities, which we believe will help us rapidly and efficiently launch penpulimab (AK105). We will consolidate the joint venture into our own financial results. In addition, under the joint venture agreement, our penpulimab (AK105) is the only PD-1 antibody that Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy, including combination with Chia Tai Tianqing's anlotinib, an approved novel multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis, during the term of the agreement.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PENPULIMAB (AK105) SUCCESSFULLY.

AK101 (IL-12/IL-23)

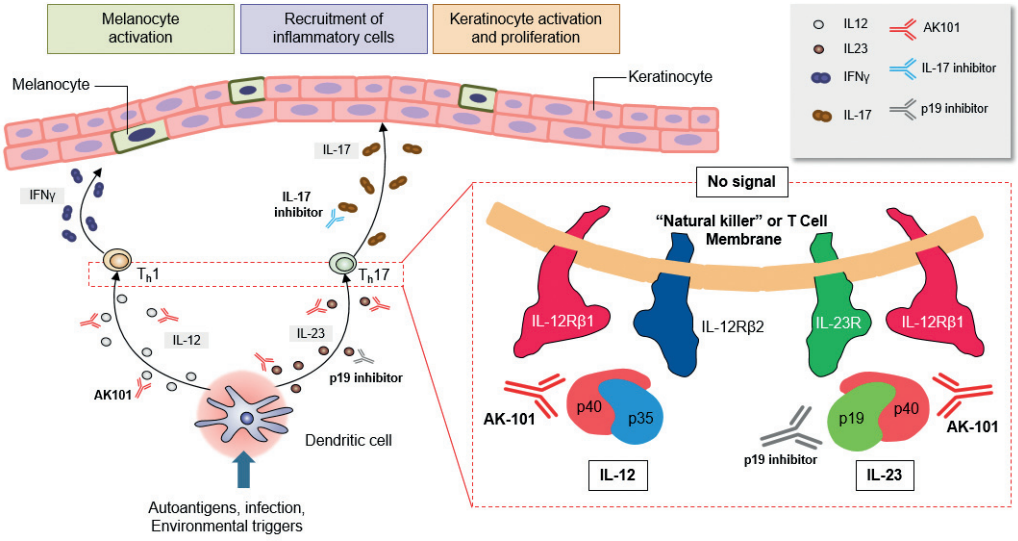
AK101 is potentially the first domestically-developed second-generation monoclonal antibody drug candidate to be approved in China that targets the validated autoimmune disease target IL-12/IL-23. We are evaluating AK101 for the treatment of psoriasis, lupus and ulcerative colitis (UC). We have completed a Phase I clinical study of AK101 and a Phase II clinical study. AK101 has the same target as Johnson & Johnson's Stelara (ustekinumab), which is currently one of the major treatments for psoriasis, psoriatic arthritis and Crohn's disease worldwide, reaching US$5.2 billion in global sales in 2018 and representing the fourth best-selling drug for auto-immune diseases worldwide in 2018.

Autoimmune diseases including psoriasis, lupus and UC are chronic immune-mediated disorders that often require long-term treatment, including conventional systemic therapy (e.g., methotrexate) and biologic therapies (e.g., tumor necrosis factor-α (TNF-α) and IL-12/IL-23 antagonists). Although biologic therapy offers new treatment options with high levels of efficacy and convenience, these treatments (along with conventional systemic therapies) have been reported to predispose patients to potential adverse events, including serious infections. In particular, inhibitors of TNF-α, the first-generation autoimmune disease target, such as Remicade (infliximab) and Humira (adalimumab) are known to carry a risk of serious infection, whereas ustekinumab does not seem to carry such higher risk.

Mechanism of Action

IL-12 and IL-23 are naturally occurring cytokines that are involved in inflammatory and immune responses. IL-12 and IL-23 share a similar structure, in which a common subunit, p40, is required for the function and receptor binding of both cytokines. IL-12 consists of p40 covalently linked to the p35 subunit, while IL-23 is comprised of the same p40 subunit linked to a unique p19 subunit. Antigen binding to dendritic cells leads to interferon-α mediated activation of naive T-cells, and secretions of IL-12 and IL-23 by the activated T-cells are induced. Presence of IL-12 leads to the proliferation of T_h1 cells, whereas IL-23 leads to T_h17 development. T_h17 cells release pro-inflammatory cytokines such as IL-17, while T_h1 cells release IFN and TNF-α, all of which are thought to be the key cytokines in the development of psoriasis and psoriatic arthritis.

AK101 (IL-12/IL-23) binds to the p40 subunit of IL-12 and IL-23, and at the same time inhibits the interaction of IL-12 and IL-23 with the cell surface IL-12 R β1 receptor, which leads to the reduction of T_h1 and T_h17 cells. As a result, secretiations of IL-17 and TNF-α by T-cells are reduced. Because the p40 subunit is common to both IL-12 and IL-23, AK101 is able to block signal transduction through their respective receptors, as set forth in the diagram below.



Current Treatments and Limitations

Psoriasis: Psoriasis is a skin condition that speeds up the life cycle of skin cells, causing cells to build up rapidly on the surface of the skin and forming scales and red patches that are itchy and sometimes painful. Some patients with psoriasis develop a form of arthritis called psoriatic arthritis. Current treatments for moderate to severe psoriasis include phototherapy and systemic immune modulators, including biotherapeutics that target aspects of T-cell function and that inhibit the activity of TNF-α. However, these therapies do not produce effective clinical responses in all patients and may be associated with serious toxicities (Greaves and Weinstein 1995; Griffiths et al. 1995; Chaudhari et al. 2001; Weinberg 2003). As a result, a significant unmet need remains for safer and more effective treatments. Ustekinumab does not seem to carry such higher risk and has claimed a substantial proportion of the autoimmune market since its market launch. However, ustekinumab's psoriasis area and severity index 90 (PASI 90 score), an indicator of its efficacy, is relatively low. We hope to improve on the success of ustekinumab and yet achieve greater efficacy with a higher PASI 90 score with AK101 (IL-12/IL-23).

AK101 is expected to be delivered as a subcutaneous injection in five doses per year, which we believe will be considerably more convenient than other biopharmaceuticals for psoriasis, which are administered monthly or more frequently. We expect this convenience to significantly improve patient compliance.

UC: Inflammatory bowel diseases including UC are chronic inflammatory conditions of the gastrointestinal tract that affect approximately 3.1 million patients in the United States alone. In China, the incidences of UC have been steadily rising and reached approximately 0.3 million in 2018. UC is characterized by mucosal inflammation limited to the colon which involves the rectum in approximately 95% of cases and may extend to involve parts or all of the large intestine. Symptoms for UC can vary, depending on the location and severity of inflammation, but some of the most common are diarrhea, abdominal cramps, and rectal bleeding. Important goals of therapy for inflammatory bowel diseases are to induce and maintain remission while improving the patient's quality of life. In China, there is very few effective and affordable treatment options for UC. Currently available treatment options generally have limitations in terms of long-term efficacy and side effects, have complicated administration regimens, and often fail to induce or maintain remission. Therefore, we believe a significant unmet need remains for differentiated treatments that are efficacious for induction and maintenance therapy with a favorable side effect profile. We hope to improve on the success of ustekinumab and believe that AK101 may represent a significant opportunity to provide patients with an effective treatment for inflammatory bowel diseases with an improved safety and dosing profile over current therapies.

Lupus: Lupus, including systemic lupus erythematosus (SLE), which is the most common type of lupus, is an autoimmune disease in which the immune system attacks its own tissues, causing widespread inflammation and tissue damage in the affected organs. Lupus can affect the joints, skin, brain, lungs, kidneys, and blood vessels. There is no cure for lupus, but medical interventions and lifestyle changes can help control it. Treatment primarily consists of immunosuppressive drugs that inhibit activity of the immune system, including hydroxychloroquine and corticosteroids (e.g., prednisone). The only marketed biologic drug for the treatment of lupus is Benlysta (belimumab), which was approved by the FDA in 2011 and whose efficacy and dosing profile could be further improved.

Potential Advantages

Although there is no head-to-head analysis, AK101 (IL-12/IL-23) has demonstrated a similar efficacy profile for moderate to severe psoriasis patients as compared with ustekinumab in early clinical trials based on PASI75 (at least 75% decrease in psoriasis area and severity index compared with the baseline) comparisons, and seems to have numerically better efficacy profile based on PASI90 (at least 90% decrease in PASI compared with the baseline) comparison at a high dosage level of 135 mg, based on reported data of ustekinumab. AK101's formulation, which is more concentrated (180mg/ml) than that of ustekinumab (90mg/ml), offers the possibility to increase dosage for subcutaneous (SC) injection, and thus the potential for better efficacy.

Summary of Clinical Trial Results

Overview of AK101 (IL-12/IL-23) clinical studies

In September 2017, we received an IND approval from the NMPA to conduct clinical studies of AK101 as treatment for moderate to severe plaque psoriasis in China. As of the Latest Practicable Date, we had completed a Phase I/II clinical trial (AK101-101) in patients with moderate to severe psoriasis in China. We have initiated a Phase IIb randomized dosing-range study in patients with moderate to severe psoriasis, and will initiate a Phase Ib study in patients with moderate to severe UC in China.

AK101-101 Phase I/II study in moderate to severe psoriasis

Study purpose and design

The primary objectives of this study were to evaluate the safety, tolerability and the pharmacokinetics (PK) profile of AK101 (IL-12/IL-23) in patients with moderate to severe psoriasis.

This was a randomized, double-blind, placebo-controlled trial which consisted of two parts: a dose escalation phase (Phase I) and a dose expansion phase (Phase II). A total of 24 subjects were enrolled in the dose-escalation phase and randomized into three dose groups of AK101 at the dosage of 45 mg, 135 mg and 270 mg. A total of 72 subjects were enrolled in the dose expansion phase and randomized into three dose groups of AK101 at the dosage of 45 mg, 90 mg and 135 mg.

A total of 96 subjects with moderate to severe psoriasis were enrolled into the study and had received SC administration of either AK101 (n=72) or placebo (n=24) based on cohort assignment. Baseline characteristics were well matched among the AK101 groups and the placebo group. The average of baseline PASI score for AK101 groups was 25.9 versus 24.3 for the placebo group. The average of duration of psoriasis was 14.9 years versus 14.7 years for the placebo group.

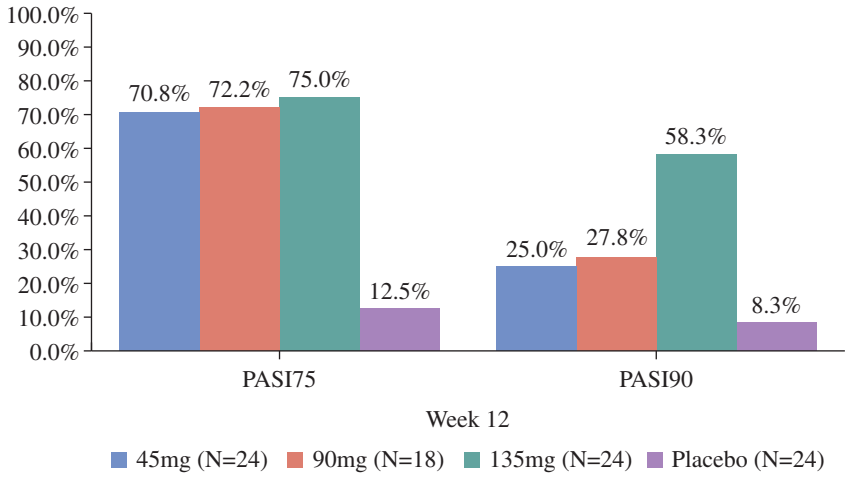
Efficacy results

The efficacy data suggested that there were significant differences between different doses of AK101 (IL-12/IL-23) groups and the placebo group in terms of the proportion of patients achieving PASI75 and the proportion of patients achieving PASI90 at Week 12.

The percentage of subjects who achieved PASI75 and PASI90 at Week 12 from all subjects administered with AK101 from Phase I and II portions of the study are summarized in the bar chart below. Each subject had received AK101 or placebo SC injection at Week 0 and Week 4. More subjects in the AK101 groups achieved PASI75 at Week 12 than those in the placebo group (70.8%, 72.2% and, 75.0% for AK101 at the dosage of 45 mg, 90 mg, and 135

mg vs 12.5% for placebo). The proportion of patients achieving PASI90 at Week 12 was significantly higher among those in AK101 groups (25.0%, 27.8%, and 58.3% for AK101 at the dosage of 45 mg, 90 mg, and 135 mg vs 8.3% for placebo group).

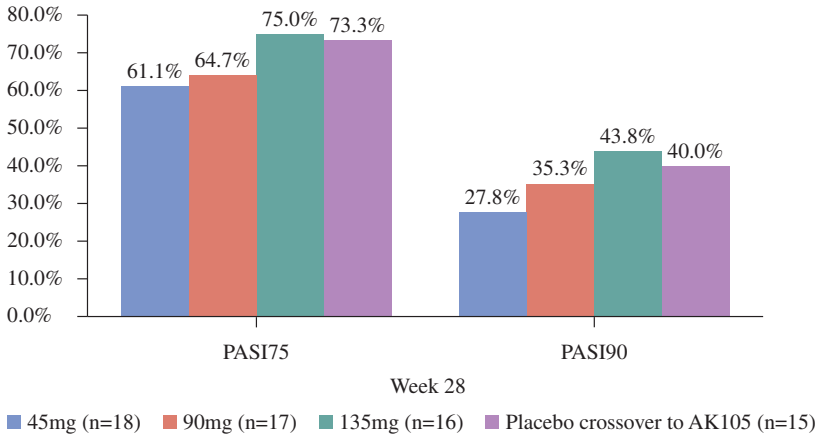
PASI75 and PASI90 Response Rate at Week 12



Source: Company data

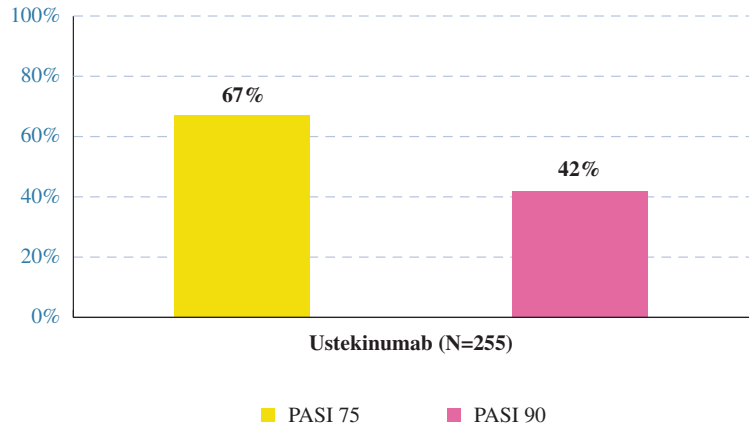
The efficacy data at Week 28 were shown in the bar graph below. Subjects assigned into the AK101 groups had received AK101 SC injection at Week 0, 4, and 16. Subjects assigned into the placebo group had received placebo SC injection at Week 0 and 4, and then received AK101 SC at Week 12 and 16. Subjects receiving AK101 at the dosage of 45 mg, 90 mg and 135 mg generally sustained PASI75 and PASI90 response at week 28 after 12 weeks since the previous dose. Among placebo subjects crossover to AK101, the proportion of subjects achieving PASI75 and PASI90 after 12 weeks since first AK101 dosing was 73.3% and 40.0%, respectively, which was consistent with PASI score improvement at Week 12 for those subjects assigned to the AK101 groups.

PASI75 and PASI90 Response Rate at Week 28



Source: Company data

Although no head-to-head analyses were conducted, the efficacy data obtained from our AK101 study is generally consistent with the efficacy data (as represented by PASI75 and PASI90 responses) collected from clinical study of ustekinumab, the marketed product with the same target as AK101, as set forth in the below graph. It appears that AK101 at a high dose level of 135 mg had numerically better efficacy profile based on PASI90 response at Week 12 as compared with ustekinumab at a close level of 45 mg.



Source: Leonardi CL, et al. Lancet. 2008; 371:1665-74

Safety results

A total of 96 subjects with moderate to severe psoriasis were enrolled into the study and had received SC administration of either AK101 (IL-12/IL-23) (n=72) or placebo (n=24) based on cohort assignment. The adverse events during the double-blinded period (through Week 16 for patients enrolled into Phase I and through Week 12 for patients enrolled into Phase II) are summarized in the below table.

Overall Summary of Adverse Events (Double-blind Period)

	45 mg (N = 24)	**90 mg (N =18)**	**135 mg (N = 24)**	**270 mg (N=6)**	**AK101 (N=72)**	**Placebo (N=24)**
Any AE	23 (95.8)	16 (88.9)	24 (100.0)	6 (100.0)	69 (95.8)	22 (91.7)
Any drug-related AE	23 (95.8)	16 (88.9)	24 (100.0)	5 (83.3)	68 (94.4)	21 (87.5)
Any SAE	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
AE leading to dose discontinuation	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)

Abbreviation: AE = adverse event; SAE = serious adverse event

Source: Company data

The most common (>10%) drug-related AE occurred during the double-blind period (higher than placebo) included: respiratory tract infection (AK101 vs placebo: 50.0% vs 37.5%), triglycerides elevation (AK101 vs placebo: 23.6% vs 20.8%), diarrhea (AK101 vs placebo: 20.8% vs 16.7%), ALT elevation (AK101 vs placebo: 13.9% vs 12.5%), itching (AK101 vs placebo: 12.5% vs none) and hot flush (AK101 vs placebo: 11.1% vs 4.2%). The most common (>10%) drug-related AE occurring during open-label period after Week 12 through Week 28 was respiratory tract infection (29.4%) for AK101, which suggested that AK101 has an excellent long-term safety profile.

For this study the most common AE was infection of the upper respiratory tract (AK101 vs placebo: 50.0% vs 37.5%). Data from the disease control center show that the incidence rate of influenza and the detection rate of virus were relative higher over study period. The symptoms of influenza included fever, cough, sore throat, and running nose, which are similar to those of infection of the upper respiratory tract prior to the virus confirmation. This may be one of the reasons why there was a high rate of infection of the upper respiratory tract observed in the study.

Conclusion

Subjects receiving AK101 (IL-12/IL-23) showed greater improvement in terms of PASI75 and PASI90 responses at Week 12 as compared with placebo. At Week 28 after 12 weeks since the previous dose, subjects receiving AK101 can generally sustained PASI75 and PASI90 response, which support every 12 weeks dosing regimen for AK101. The most common drug-related adverse events were respiratory tract infection, triglycerides increase, diarrhea, ALT increase, itching and hot flush. The incidence rates of AEs for AK101 were similar to placebo, which suggested that AK101 was safe and well tolerated for the treatment of moderate to severe psoriasis.

Clinical Development Plan

Our development of AK101 (IL-12/IL-23) is aimed at the treatment of autoimmune diseases with unmet medical needs, including psoriasis, lupus and UC. Current biologic therapies of these diseases, such as TNF-α inhibitor, are not satisfactory due to their poor efficacy and/or their predisposition to serious adverse effects. For lupus, there is only one approved biologic drug on the market, which unfortunately has poor efficacy and strong toxicity.

From our early clinical trial results, AK101 has shown a promising efficacy and safety profile in treating moderate to severe psoriasis patients. We have completed Phase I and II trials in China for AK101 as monotherapy for moderate to severe psoriasis, and enrolled the first patients in a Phase IIb dosing-range study in moderate to severe psoriasis in December 2019 to evaluate AK101 optimal dosing and schedule which will be further tested in the subsequent Phase III study. We expect to submit an NDA for AK101 to the NMPA for the treatment of moderate to severe psoriasis in the second half of 2022.

In addition, we plan to enroll the first patient in a Phase Ib clinical trial for the treatment of moderate to severe UC in the first half of 2020 and another Phase Ib trial for AK101 for the treatment of systemic lupus erythematosus in the second half of 2020. We obtained IND approval from the FDA in October 2019 and may initiate a Phase Ib study of AK101 for the treatment of UC in the United States in the future.

The table below sets forth details of our clinical development plan for AK101 (IL-12/IL-23).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Moderate-to-severe UC	Phase Ib	Mono	1H 2020	–	China
SLE	Phase Ib	Mono	2H 2020	–	China
Moderate-to-severe plaque psoriasis	Phase IIb	Mono	December 2019	–	China
Moderate-to-severe psoriasis	Phase III	Mono	1H 2021	2H 2022	China/NMPA

Abbreviations: SLE = Systemic lupus erythematosus; UC = ulcerative colitis

Note: (1) Denotes the date which the first patient was or is expected to be enrolled.

Market Opportunity and Competition

Autoimmune diseases, including psoriasis, lupus, Crohn's disease and UC, are underserved due to a lack of effective and affordable therapies in China. According to Frost & Sullivan, the prevalences of psoriasis, SLE and UC in China were approximately 6.6 million, 1.0 million and 0.4 million, respectively, in 2018. However, market penetration and treatment compliance with biologics therapies for autoimmune diseases remain very low in China as compared to the U.S.

AK101 (IL-12/IL-23) has the same target as Johnson & Johnson's Stelara (ustekinumab), which is currently one of the major treatments approved for psoriasis, psoriatic arthritis and Crohn's disease worldwide, amassing US$5.2 billion in global sales in 2018 and representing the fourth best-selling drug for auto-immune diseases worldwide in 2018.

The only marketed biologic drug for lupus is Benlysta (belimumab), which was approved by the FDA in 2011, and whose efficacy and dosing profile could be further improved.

We believe that AK101, once approved in China, is well-positioned to meet the large unmet need for effective and affordable auto-immune disease therapies and capture a large proportion of the Chinese market for such drugs.

Licenses, Rights and Obligations

As AK101 (IL-12/IL-23) is internally discovered and developed by us, we maintain the global rights to develop and commercialize AK101.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

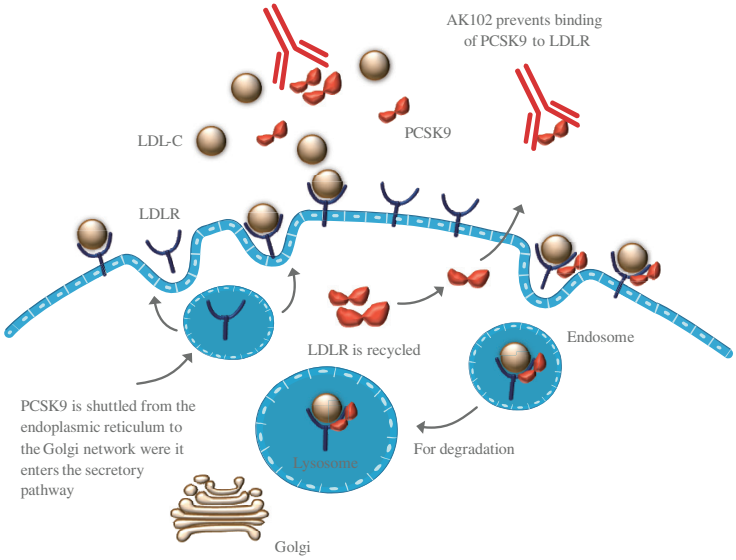
WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK101 SUCCESSFULLY

Ebronucimab (AK102) (PCSK9)

Ebronucimab (AK102) is potentially the first domestically-developed PCSK9 monoclonal antibody to reach the market in China. We are evaluating ebronucimab (AK102) for the treatment of hyperlipidemia, HoFH, HeFH and hypercholesterolemia. Ebronucimab (AK102) has the same target as Amgen's Repatha (evolocumab) and Sanofi/Regeneron's Praluent (alirocumab). We have completed our evaluation of ebronucimab (AK102) in a Phase I study in China, and have completed the statistical analysis of the trial data.

Mechanism of Action

Proprotein convertase substilisin/kexin type 9 (PCSK9) is a protein that targets the low-density lipoprotein cholesterol receptor (LDL-R) for degradation and thereby reduces the liver's ability to remove low-density lipoprotein cholesterol (LDL-C). PCSK9 enters the secretory pathway through the Golgi network and, once circulating, binds to LDL-R, resulting in LDL-R degradation. Preventing PCSK9 from binding to LDL-R allows LDL-R on the surface of liver cells to remove LDL-C from the blood. Ebronucimab (AK102) (PCSK9) performs this function, binding to PCSK9 and preventing it from binding with LDL-R, which in turn restores the recycling of LDL-R and the uptake of LDL-C, as illustrated below:



Potential Advantages

Based on data collected from clinical trials, we believe that ebronucimab (AK102) (PCSK9) has two potential competitive advantages as compared to evolocumab: (1) more complete inhibition on PCSK9 and (2) longer duration of LDL-C reduction.

Data collected from ebronucimab (AK102)'s Phase I study (AK102-101), as plotted on the figure A below, indicates that ebronucimab (AK102) at the dosage level of 500mg can reduce LDL-C levels more rapidly and has a longer duration of LDL-C reduction of 50-60% from baseline mostly between 10 days and 35 days after administration than evolocumab between 10 days and 28 days after administration at a similar dosage level of 420 mg, as shown on the figure B below. We believe that this longer duration may allow ebronucimab (AK102) to achieve a more convenient dosing schedule for the treatment of hyperlipidemia. Although these were not head-to-head analyses, figure A and B also illustrate that, compared with evolocumab, 500mg ebronucimab (AK102) swiftly led to a nearly complete inhibition on PCSK9 whereas evolocumab treatment never achieved this level of completeness.

Ebronucimab AK102 (500 mg)

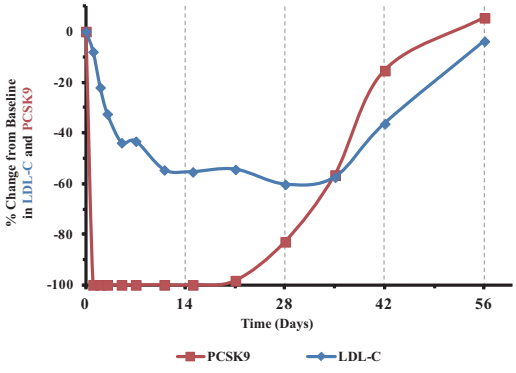


Figure A*

Evolucumab (420 mg)

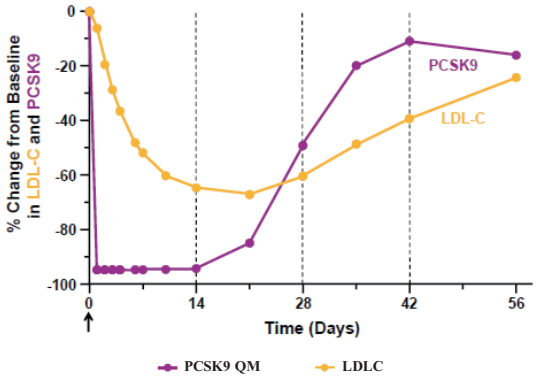


Figure B**

* Ebronucimab (AK102) Data.

** Endocrinologic and Metabolic Drugs Advisory Committee, Amgen, June 10, 2015.

Source: Company data

Summary of clinical results

Overview of ebronucimab (AK102) (PCSK9) clinical studies

We have completed the Phase I study of ebronucimab (AK102) in healthy subjects (AK102-101) in November 2018. We are enrolling patients for a two-parts Phase II study in HoFH (AK102-202) and have also initiated a randomized, double-blind, placebo-controlled Phase II study in patients with HeFH (AK102-201).

AK102-101 first-in-human study

AK102-101 is a Phase I clinical trial conducted in China.

Study purpose, design and progress

The primary objectives were to evaluate the safety and tolerability in healthy subjects. The secondary objectives were to characterize the pharmacokinetics and pharmacodynamics of ebronucimab (AK102) (PCSK9).

A total of 32 eligible subjects were enrolled in the study. Eight subjects in each dose group (75 mg, 150 mg, 300 mg, and 500 mg) were randomly assigned, and the ratio of ebronucimab (AK102) to placebo was 6:2. Of 32 subjects, 24 subjects received single administrated dose of ebronucimab (AK102). Database for this Phase I study has been locked in April 2019.

Safety results

The safety data of ebronucimab (AK102) (PCSK9) from this study are summarized in the table below. We can see that ebronucimab (AK102) was well tolerated.

Overall Summary of Adverse Events

	75 mg SC (N=6)	**150 mg SC (N=6)**	**300 mg SC (N=6)**	**500 mg SC (N=6)**	**ebronucimab (AK102) (N=24)**	**Placebo (N=8)**
All TEAE (n (%))	5 (83.3%)	6 (100.0%)	6 (100.0%)	4 (66.7%)	21 (87.5%)	6 (75.0%)
Mild	5 (83.3%)	3 (50.0%)	4 (66.7%)	3 (50.0%)	15 (62.5%)	3 (37.5%)
Moderate	0 (0.0%)	2 (33.3%)	2 (33.3%)	1 (16.7%)	5 (20.8%)	3 (37.5%)
Severe	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	1 (4.2%)	0 (0.0%)
All SAE (n (%))	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	1 (4.2%)	0 (0.0%)
TEAE leading to death (n (%))	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
TEAE leading to dose discontinuation (n (%))	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)

Abbreviations: SAE: serious adverse events; TEAE: treatment-emergent adverse event.

Source: Company data

In this study, the most common AEs (>10%) for ebronucimab (AK102) included C-reactive protein increase (four subjects), aspartate transaminase (AST) increase (three subjects), creatine phosphokinase (CPK) increase (eight subjects) and direct bilirubin (DBiL) increase (three subjects). The investigator judged this severe AE was not related to ebronucimab (AK102). The most common TEAEs are summarized in the following table.

Summary of most common TEAEs (>10%)

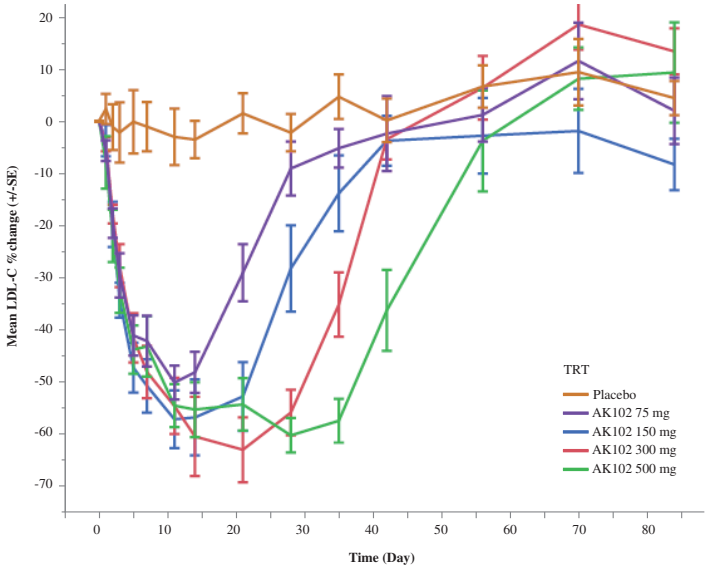
	75 mg SC (N=6)	150 mg SC (N=6)	300 mg SC (N=6)	500 mg SC (N=6)	ebronucimab (AK102) (N=24)	Placebo (N=8)
CPK increased	2 (33.3%)	3 (50.0%)	1 (16.7%)	2 (33.3%)	8 (33.3%)	1 (12.5%)
C-reactive protein elevation	1 (16.7%)	2 (33.3%)	1 (16.7%)	0 (0.0%)	4 (16.7%)	0 (0.0%)
AST elevation	0 (0.0%)	1 (16.7%)	0 (0.0%)	2 (33.3%)	3 (12.5%)	1 (12.5%)
Bilirubin conjugated elevation	0 (0.0%)	0 (0.0%)	3 (50.0%)	0 (0.0%)	3 (12.5%)	0 (0.0%)

Source: Company data

Efficacy results

Clinical data of AK102-101 suggested that ebronucimab (AK102) (PCSK9) reduced blood lipids in healthy subjects in all the four dose group. At four dosage level, low-density lipoprotein cholesterol (LDL-C), total cholesterol (TC) and Apolipoprotein B (ApoB) in healthy subjects were all observed to be reduced. With the increase in dose, the effect of ebronucimab (AK102) on lowering lipids effect (TC, LDL-C and ApoB) was enhanced. The maximum of mean percentage of LDL-C change from baseline in the four dose groups was 50.3%, 57.7%, 65.4%, and 60.9%, respectively. The maximum of mean percentage of TC change from baseline in the four dose groups was 31.2%, 37.7%, 46.5% and 38.3%, respectively.

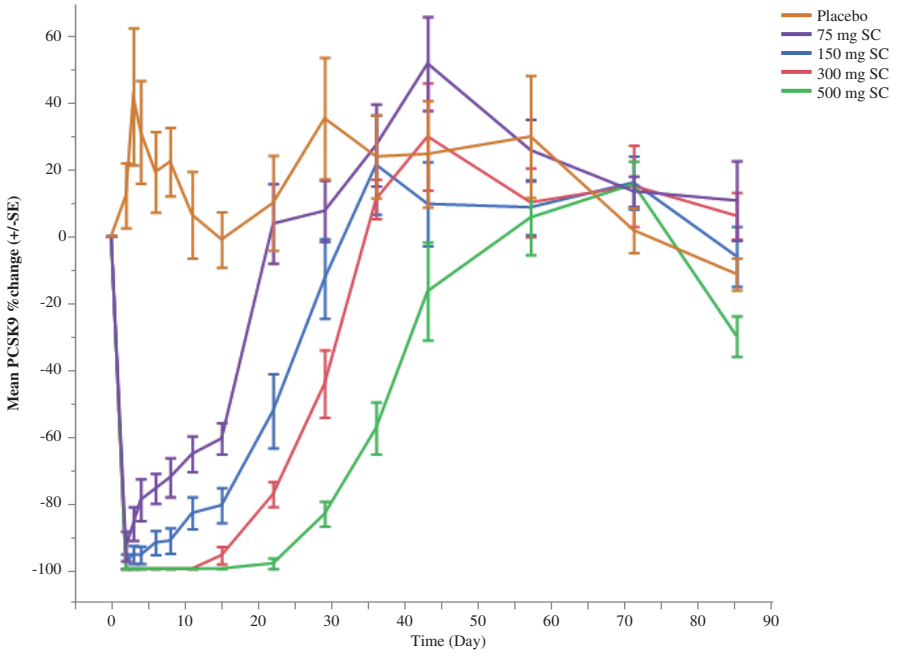
LDL-C% change from baseline of ebronucimab (AK102)



Source: Company data

PCSK9 concentration reached the maximum reduction around 2 days after a single dosing. For the four dose groups, the maximum average reduction was 93.3%, 97.8%, 100% and 100%, respectively. With the increase of ebronucimab (AK102) dose, the duration of PCSK9 inhibition was extended.

PCSK9% change from baseline of ebronucimab (AK102)



Source: Company data

Conclusion

Ebronucimab (AK102) (PCSK9) has demonstrated robust cholesterol lowing effect and favorable safety profile.

Clinical Development Plan

We have initiated a Phase II trial in patients with HoFH in China, and will apply for orphan drug designation and seek accelerated approval by the NMPA for ebronucimab (AK102) (PCSK9) as a treatment of HoFH. A biological product to treat a rare disease can qualify for orphan designation by the NMPA. Orphan designation comes with various benefits, such as longer exclusivity period and favorable tax treatment, and often facilitates a faster regulatory clearance.

In addition, we plan to enroll the first patient in another Phase II trial in China for hypercholesterolemia with very high/high cardiovascular risk in the first half of 2020. We also enrolled the first patient in a Phase II study in patients with HeFH in December 2019. In the future we plan to start Phase III pivotal trials for those indications and will seek the approval by the NMPA for ebronucimab (AK102) in those indications.

The table below sets forth details of our clinical development plan for ebronucimab (AK102) (PCSK9).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Location
HoFH	Phase II	ebronucimab (AK102)/Placebo plus Statin and Ezetimibe	May 2019	China
HeFH	Phase II	ebronucimab (AK102)/Placebo plus Statin and/or Ezetimibe	December 2019	China
Hypercholesterolemia (for patients with very high/high cardiovascular risk)	Phase II	ebronucimab (AK102)/Placebo plus Statin and/or Ezetimibe	1H 2020	China

Note:
(1) Denotes the date on which the first patient was or is expected to be enrolled.

Market Opportunity and Competition

Hypercholesterolemia has become a serious public health issue in China. The number of patients with hypercholesterolemia has increased rapidly in recent years due to an increasingly Westernized diet and lifestyle and an aging population. The number of hypercholesterolemia patients in China increased at a CAGR of 4.3% from 69.8 million in 2014 to 82.6 million in 2018, and is expected to further increase to 99.2 million in 2023 and 116.7 million in 2030, according to Frost & Sullivan. Globally, the number of hypercholesterolemia patients increased at a CAGR of 1.2% from 227.7 million in 2014 to 238.8 million in 2018, and is expected to further increase to 256.3 million in 2023 and 288.9 million in 2030, according to Frost & Sullivan.

There are currently two marketed PCSK9 inhibitors, namely Amgen's Repatha (evolocumab) and Sanofi/Regeneron's Praluent (alirocumab), which were both initially approved by the FDA in 2015 and were then approved by the NMPA in China in late 2018 and 2019, respectively. These drugs had worldwide sales of US$858 million in 2018, according to Frost & Sullivan. Sales of these drugs increased significantly since their commercialization.

According to Frost & Sullivan, sales of Amgen's Repatha (evolocumab) grew from US$10.0 million in 2015 to US$550.0 million in 2018, and sales of Sanofi's Praluent (alirocumab) grew from US$10.0 million in 2015 to US$308.2 million in 2018.

The market size for PCSK9 inhibitors in China is expected to grow from US$4.5 million in 2019 to US$149.5 million in 2023 and US$1.3 billion in 2030, according to Frost & Sullivan. Globally, the market size for PCSK9 inhibitors grew from nil in 2015 to US$0.9 billion in 2018, and is expected to grow to US$5.2 billion in 2023 and US$10.6 billion in 2030, according to Frost & Sullivan. Please refer to "Industry Overview – 4. PCSK9 Inhibitor Market in China – 4.3 Competitive Landscape of PCSK9 Inhibitors in China" for more detailed information of ebronucimab (AK102)'s competitors in China.

Licenses, Rights and Obligations

As ebronucimab (AK102) (PCSK9) is internally discovered and developed by us, we maintain the global rights to develop and commercialize ebronucimab (AK102). We have entered into a joint venture agreement with Dawnrays Pharma to develop ebronucimab (AK102). For details, see "– Joint Venture with Dawnrays Pharma".

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET EBRONUCIMAB (AK102) SUCCESSFULLY

AK111 (IL-17)

AK111 is a humanized IL-17 monoclonal antibody intended for the treatment of psoriasis, ankylosing spondylitis (AS) and axial spondyloarthritis (axSpA). AK111 shows similar activity in antigen binding, cellular assay and animal model compared with marketed IL-17 antibody secukinumab. Monkey GLP toxicity study of AK111 showed no severe toxicity observations.

Besides psoriasis which is described in previous section, AS is a form of arthritis that primarily affects the spine, although other joints can become involved. It causes inflammation of the spinal joints that can lead to severe, chronic pain and discomfort. In more advanced cases, this inflammation can lead to ankylosis – new bone formation in the spine – causing sections of the spine to fuse in a fixed, immobile position. Currently, there lacks of safe and effective treatment options for AS patients.

Given the current circumstances, a significant unmet need remains for safer and more effective treatments for psoriasis and AS. Recently there are three IL-17 antibodies approved for marketing in the United States. We are also continuously developing our pipeline assets to capture the market potential in the therapeutic area of autoimmune diseases.

Summary of clinical results

Overview of AK111 (IL-17) clinical studies

As of the Latest Practicable Date, we have completed a Phase I study in healthy subjects in New Zealand (AK111-101). We are planning a Phase Ib study in psoriasis patients in China and expect to enroll the first patient in the first half of 2020.

AK111-101 first-in-human study

AK111-101 is a Phase I clinical trial in healthy subjects conducted in New Zealand.

Study purpose and design

The primary objectives were to evaluate the safety and tolerability of escalating single dose of AK111 (IL-17) in healthy subjects. A total of 44 eligible subjects were enrolled in the study. Of 44 subjects, 33 subjects received AK111 administration and 11 subjects received placebo.

Safety results

A total of 81.8% of subjects in the AK111 (IL-17) groups experienced at least one AE during the study, which was the same as the placebo group as shown in the below table. The overall incidence of drug-related AEs was 30.3% in the AK111 groups as compared with 45.5% in the placebo group. All drug-related AEs were mild in intensity. There were no SAEs reported and no AEs leading to treatment discontinuation. The most common AE (> 5%) included headache(AK111 vs placebo: 12.1% vs 9.1%), injection site erythema (AK111 vs placebo: 6.1% vs 0%) and nausea (AK111 vs placebo: 6.1% vs 18.2%).

Overall Summary of Adverse Events

	Placebo	**AK111**						
	(N = 11)	**30 mg (N = 3)**	**75 mg (N = 6)**	**150 mg (N = 6)**	**300 mg (N = 6)**	**450 mg (N = 6)**	**600 mg (N = 6)**	**Total (N = 33)**
Any TEAE	9 (81.8)	3 (100)	4 (66.7)	5 (83.3)	5 (83.3)	5 (83.3)	5 (83.3)	27 (81.8)
Any TRAE	5 (45.5)	3 (100)	0 (0.0)	2 (33.3)	2 (33.3)	0 (0.0)	3 (50.0)	10 (30.3)
TEAEs by severity	9 (81.8)	3 (100)	4 (66.7)	5 (83.3)	5 (83.3)	5 (83.3)	5 (83.3)	27 (81.8)
Mild	7 (63.6)	3 (100)	4 (66.7)	4 (66.7)	5 (83.3)	4 (66.7)	3 (50.0)	23 (69.7)
Moderate	2 (18.2)	0 (0.0)	0 (0.0)	1 (16.7)	0 (0.0)	1 (16.7)	2 (33.3)	4 (12.1)
Severe	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
TRAEs by severity	5 (45.5)	3 (100)	0 (0.0)	2 (33.3)	2 (33.3)	0 (0.0)	3 (50.0)	10 (30.3)
Mild	5 (45.5)	3 (100)	0 (0.0)	1 (16.7)	2 (33.3)	0 (0.0)	2 (33.3)	8 (24.2)
Moderate	0 (0.0)	0 (0.0)	0 (0.0)	1 (16.7)	0 (0.0)	0 (0.0)	1 (16.7)	2 (6.1)
Severe	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)

Abbreviations: TEAE: treatment-emergent adverse event. TRAE: treatment-related TEAE.

Source: Company data

Conclusion

AK111 (IL-17) is safe and well-tolerated in healthy subjects after single-dose subcutaneous administration up to the maximum administered dose level of 600 mg.

Clinical Development Plan

We have completed a Phase I dose escalation trial of AK111 (IL-17) in healthy volunteers in New Zealand. AK111 has demonstrated typical antibody PK and good safety profile in healthy subjects after single-dose subcutaneous administration up to the maximum administered dose level of 600 mg. We have also obtained an IND approval for evaluating AK111 in patients with moderate to severe psoriasis in China and plan to enroll the first patient in a Phase Ib trial in the first half of 2020. We plan to carry out further clinical studies to evaluate efficacy and safety in China and globally for AK111 as a treatment of psoriasis, ankylosing spondylitis (AS) and axial spondyloarthritis (axSpA).

The table below sets forth details of our clinical development plan for AK111 (IL-17).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Location
Moderate to severe plaque psoriasis	Phase Ib	Mono	1H 2020	China
AS	Phase Ib	Mono	2H 2020	China

Abbreviation: AS = ankylosing spondylitis

Note:
(1) Denotes the date on which the first patient was or is expected to be enrolled.

Licenses, Rights and Obligations

As AK111 (IL-17) is internally discovered and developed by us, we maintain the global rights to develop and commercialize AK111.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK111 SUCCESSFULLY

AK112 (PD-1/VEGF)

AK112 is a potential first-in-class PD-1/VEGF bi-specific antibody. Engineered with our TETRABODY technology, AK112 blocks PD-1 binding to PD-L1 and PD-L2, and blocks VEGF binding to VEGF receptors, thus inhibiting tumor cell proliferation and tumor angiogenesis. PD-1 antibody in combination with VEGF blocking agents have shown robust efficacy in RCC and HCC. We have initiated a Phase I clinical trial for AK112 in Australia in solid tumors.

In addition to stimulating tumor angiogenesis, VEGF also plays a negative role in tumor immunity via a number of mechanisms within the tumor micro environment. First, VEGF blocks dendritic cell maturation and thus tumor antigen presentation to T cells. Second, VEGF blocks lymphocyte extravasation from blood vessel into tumor tissue. These mechanisms inhibit immune priming against tumor tissue, and reduces the number of anti-tumor lymphocytes that can reach tumor tissue. Eliminating VEGF could provide more robust anti-tumor immune activity and complement the effect of PD-1 antibody.

VEGF expression within tumor tissue is correlated with expression of PD-1 on tumor infiltrating CD8+ cells (Voron T, 2015). A bi-specific antibody against PD-1 and VEGF such as AK112 is well suited for capturing both targets within the same compartment.

We are currently conducting a Phase I multicenter, open-label study to evaluate the safety, tolerability, pharmacokinetics (PK), immunogenicity, pharmacodynamics (PD) and anti-tumor activity of AK112 as a monotherapy in adult patients with advanced solid tumor malignancies in Australia. The study consists of a dose escalation phase (Phase Ia) to determine the maximum tolerated dose (MTD), or recommended Phase II dose (RP2D) for AK112 as a single agent, and a dose expansion phase (Phase Ib) in subjects with specific tumor types with AK112 as a monotherapy at the MTD or RP2D. The primary endpoints for this study are the number of patients with adverse events (AEs) and the number of patients with dose limiting toxicity (DLTs). The secondary endpoints for this study include objective response rate (ORR), disease control rate (DCR), progression-free survival (PFS), overall survival (OS), area under the curve (AUC), maximum observed concentration (Cmax), and minimum observed concentration (Cmin).

Clinical Development Plan

AK112 (PD-1/VEGF) is a potential first-in-class PD-1/VEGF bi-specific antibody. Published trial results on the combination of PD-1 and VEGF blockage have shown robust efficacy in a variety of cancer indications such as renal cell carcinoma (RCC) and hepatocellular carcinoma (HCC) and it is becoming an increasingly popular interest of clinical research.

We are executing a global clinical development strategy of AK112. In June 2019, we have obtained the IND approval from the FDA and plan to initiate a Phase I clinical study of AK112 for advanced solid tumors in the United States. In Australia, we enrolled the first patient in a Phase I trial for advanced solid tumors in October 2019. We are also planning to submit an IND application for AK112 in China.

Licenses, Rights and Obligations

As AK112 (PD-1/VEGF) is internally discovered and developed by us, we maintain the global rights to develop and commercialize AK112.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK112 SUCCESSFULLY

AK109 (VEGFR-2)

AK109 is a fully human monoclonal IgG1 antibody against VEGFR-2. AK109 blocks VEGF binding to VEGFR-2, inhibiting VEGF mediated biological processes including angiogenesis. We are evaluating this drug candidate for the treatment of solid tumor.

Eli Lilly's VEGFR-2 monoclonal antibody, Cyramza (ramucirumab), has been approved for four major oncology indications (namely, gastric cancer, non-small cell lung cancer, colorectal cancer and hepatocellular carcinoma) and is the only approved VEGFR-2 monoclonal antibody in Europe, America and Japan. Clinical trials are ongoing in China. Eli Lilly's 2018 annual report disclosed $821 million as total sales for ramucirumab in 2018, including $530 million from outside of the U.S., representing a 8% increase; the increase was primarily driven by the increased demand for treatment of gastric cancer in and outside of the U.S.

In a clinical trial conducted by Eli Lilly (REACH-2), ramucirumab significantly prolonged the survival rate of patients with hepatocellular carcinoma who failed chemotherapy. Notably, China has a high incidence of liver cancer, and the market prospect for AK109 is huge.

In another Eli Lilly's clinical trial (RELAY), ramucirumab in combination with erlotinib significantly delayed disease progression in previously untreated patients with metastatic EGFR-mutated non-small cell lung cancer. As lung cancer is the leading cause of cancer death in China and many other countries, this trial result indicates large market potential for VEGFR-2 monoclonal antibody.

Clinical Development Plan

We have obtained the IND approval from the NMPA for AK109 (VEGFR-2) and plan to conduct a Phase Ib dose escalation trial in China. After the dose escalation trial, we plan to conduct a series of clinical trials to evaluate AK109 in combination with either our AK104 (PD-1/CTLA-4) or our penpulimab (AK105) (PD-1) for the treatment of liver cancer, or in combination with other targeted therapies for the treatment of lung cancer.

Licenses, Rights and Obligations

As AK109 (VEGFR-2) is internally discovered and developed by us, we maintain the global rights to develop and commercialize AK109. We have entered into a joint venture agreement with Dawnrays Pharma to co-develop AK109. For details, see "– Joint Venture with Dawnrays Pharma".

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK109 SUCCESSFULLY

Other Clinical-Stage Drug Candidates

Our other clinical-stage drug candidates include AK117 (CD47) and AK120 (IL-4R). AK117 is a monoclonal antibody against CD47. We are evaluating this drug candidate for the treatment of cancer in combination with other therapies, and received an IND approval for AK117 in Australia in February 2020. AK120 is a monoclonal antibody against IL-4R. We are evaluating this drug candidate as a monotherapy for the treatment of atopic dermatitis and asthma, and received an IND approval for AK120 in Australia in February 2020. As AK117 and AK120 are is internally discovered and developed by us, we maintain the global rights to develop and commercialize them.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AK117 SUCCESSFULLY

Our Selected IND-enabling Drug Candidates

In addition to our clinical-stage drug candidates, we are also developing over four drug candidates in IND-enabling stage as of the Latest Practicable Date, including those set forth below. We meticulously evaluate these drug candidates' toxicity and pharmacological effects in a variety of pre-clinical studies using in vitro and in vivo laboratory animal testing techniques, and we actively explore their clinical development opportunities both in China and beyond.

Assets	Target(s)	Monotherapy/ Combo-therapy	Therapeutic Area(s)	Commercialization Rights
AK114	IL-1 beta	Monotherapy	Inflammatory disease	Global
AK119[(1)]	CD73	Combo-therapy	Oncology	Global
AK123	PD-1/CD73	Monotherapy	Oncology	Global

(1) Enlisted in National Major Scientific and Technological Special Project for "Significant New Drugs Development".

Our Discovery-Stage Candidates

In addition to our clinical-stage and IND-enabling stage drug candidates, we are also developing over ten discovery-stage drug candidates. Each of these candidates has been approved by our science committee, which reviews all proposals for research programs before they enter discovery and development. Our drug discovery platform has allowed us to maintain and expand a strong discovery-stage drug pipeline in potentially important areas, such as oncology (including IO) and immunology/inflammation. These are mostly novel targets with few or no available clinical data for proof of concept.

We anticipate advancing several of our discovery-stage candidates into IND-enabling stage in the next twelve months. Going forward, we intend to advance two to three drug candidates into IND-enabling stage and clinical stage respectively each year.

COLLABORATION AGREEMENTS

Collaboration with Merck

In November 2015, we entered into a collaboration and license agreement in the area of immuno-oncology therapeutics with Merck, a leading global pharmaceutical company. Through the collaboration and license agreement, we out-licensed AK107, our CTLA-4 monoclonal antibody drug candidate which we discovered in-house, to Merck, whose designation for AK107 is MK-1308. According to Frost & Sullivan, this ground-breaking collaboration was the first and, to date, only in-licensing transaction undertaken by Merck with a Chinese biopharmaceutical company in its core business sector. Pursuant to the collaboration and license agreement, Merck owns intellectual property rights to MK-1308, and we expect to receive a total amount of up to US$200 million in upfront payment and future clinical development and sales milestone payments. We do not maintain any global rights to commercialize AK107 and we do not expect to receive any royalty or other payments on future sales of AK107. Pursuant to the collaboration and license agreement, Merck maintains the global rights to develop and commercialize AK107 and we do not have any rights to develop potential therapies involving AK107 except for the rights to develop bi-specific drugs with AK107. According to ClinicalTrials.gov, in July 2017, Merck initiated a Phase I clinical trial in the US for a combination therapy using MK-1308 and pembrolizumab for the treatment of 1L NSCLC and 2L SCLC (clinical trial identifier: NCT03179436).

As of the Latest Practicable Date, we have received an upfront payment of US$3.0 million and milestone payments of US$17.0 million in total from Merck, which were recognized as revenue in our consolidated statements of profit or loss in accordance with our accounting policies. Please refer to the paragraphs headed "Financial Information – Critical Accounting Policies and Estimates – Significant Accounting Policies – Revenue recognition" and "Financial Information – Description of Certain Key Statement of Profit or Loss – Revenue" in this prospectus. According to Frost & Sullivan, the total consideration for an out-license transaction customary in the pharmaceutical industry such as our transaction with Merck is the sum of an upfront payment and numerous individual contingent milestone payments, with each milestone payment consisting of a fraction of the total consideration that is much less than the sum, and each subject to one or more distinct contingencies. In a customary out-license transaction such as our transaction with Merck, the criteria used to divide and granularize these contingencies, and the way monetary size and timing by which the actual payment amounts are structured, typically include (in the case of clinical development milestones) trial stages, (in the case of regulatory milestones) geographic locations or jurisdictions of regulatory approvals, and (in the case of commercial milestones) incremental sales targets or other commercialization in specified markets or jurisdictions. According to information publicly available, MK-1308/AK107 is currently in various stages of clinical development including a Phase II clinical trial in the U.S. as the most advanced clinical trial to date. According to Frost & Sullivan, Phase II clinical trials of immuno-oncology therapies can take up to two years to complete, while Phase III clinical trials, which are typically required to be completed before an NDA may be filed and marketing approval may be granted, can take up to several additional years. In addition, according to Frost & Sullivan, as is customary for out-license agreements of a similar nature, a vast majority of the contingent milestone payments would become due and payable upon receipt of regulatory approvals and entry into commercialization stage as opposed to milestones at the clinical development stage. In light of the many factors that may, individually or collectively, have a significant impact on the timing and/or amount of any such future milestone payments we may receive (both the amount of each individual payment and the aggregate amount of all payments), including (i) the granularity of how the contingent milestone payments are divided and conditioned as described above, (ii) the current stage of clinical development of MK-1308/AK107 and the numerous number of years needed to lapse before clinical development can be fully completed as described above, (iii) the disproportionately weighted distribution of payment amounts (both individually and in the aggregate) in favor of later stage regulatory approval and (iv) commercialization milestones, and the considerable amount of time needed to lapse before any such approval and commercialization milestones may be satisfied as set out in the collaboration and license agreement with Merck, as well as the innate risks and uncertainties involved in the drug development and commercialization process in any individual jurisdiction or region and the evolving competitive landscape in the pharmaceutical marketplace, both the timing and amount of any such future milestone payments we may receive (both individually and in the aggregate) are beyond our control, and we do not expect to receive all of the remainder of the milestone payments in the next three years.

Under the collaboration and license agreement, Merck will use commercially reasonable efforts to develop and commercialize MK-1308. Merck will bear the costs of development, manufacturing and commercialization of MK-1308. The collaboration and license agreement will remain in force until satisfaction of all payment obligations, unless terminated by one of the parties. Merck can unilaterally terminate the collaboration and license agreement by giving 90 days' prior written notice to us, and either party may terminate the collaboration agreement for cause, including the other party's material breach, bankruptcy, reorganization or liquidation. If the collaboration agreement is terminated, upon our request, Merck shall negotiate with us the terms and conditions of a license agreement under which Merck will grant us a license to develop, manufacture and commercialize AK107/MK-1308.

Joint Venture with Sino Biopharm

In June 2019, we entered into a joint venture agreement with Chia Tai Tianqing, the principal subsidiary of Sino Biopharm (stock code: 1177), a leading Chinese biopharmaceutical player. Sino Biopharm has strong commercialization capabilities, including one of the China's largest pharmaceutical sales forces of about 12,000 sales professionals. Chia Tai Tianqing will act as our clinical development and commercialization partner for penpulimab (AK105) (PD-1) in China.

Under the joint venture agreement, we agreed to provide all rights, title and interest in penpulimab (AK105) in exchange for 50% interest in the joint venture. Chia Tai Tianqing agreed to invest, and has fully paid, approximately RMB344.7 million in cash in exchange for 50% interest in the joint venture.

Pursuant to the joint venture agreement, the joint venture will own patent rights under a PCT application and its multiple national phase applications covering penpulimab (AK105). Each of the joint venture, Chia Tai Tianqing and us maintains the rights to develop bi-specific antibody drugs or antibody-drug conjugates, among other forms of therapies, in each case with the use of the amino acid sequence of penpulimab (AK105). Chia Tai Tianqing will obtain the exclusive sales rights for penpulimab (AK105) in China, selling penpulimab (AK105) on behalf of the joint venture. The joint venture maintains the global rights to develop and commercialize penpulimab (AK105) and it will generate income from sales upon the commercialization of such drug candidate. Chia Tai Tianqing does not maintain any rights in penpulimab (AK105) outside China. Our penpulimab (AK105) is the only PD-1 antibody that Chia Tai Tianqing and Sino Biopharm can use to develop PD-1-based monotherapy or combination therapy. In addition, we have an exclusive right to develop combination therapies using Chia Tai Tianqing's anlotinib (a multi-targeted tyrosine kinase inhibitor for anti-tumor angiogenesis) in China, including combination with penpulimab (AK105) for the treatment of HCC which is currently in development. We will consolidate the financials of the joint venture and we will endeavor to accelerate the research and development of penpulimab (AK105) through this partnership. The joint venture will bear all research and development and manufacturing costs related to penpulimab (AK105). Chia Tai Tianqing and us are entitled to distributable profits of the joint venture in proportion to their respective paid-in capital contribution.

Pursuant to the joint venture agreement, the board of the joint venture will have seven members. We are entitled to designated four directors to the board of the joint venture and Chia Tai Tianqing is entitled to elect three directors. Chia Tai Tianqing will appoint the chairman of the board. Dr. XIA is the general manager of the joint venture.

The joint venture agreement has a term of 20 years subject to extension. The joint venture agreement can be terminated by either us or Chia Tai Tianqing upon, among others, (i) expiration of the agreement, (ii) mutual consent, and (iii) written notice in the event of uncured material beach, bankruptcy or force majeure.

Joint Venture with Dawnrays Pharma

In December 2016, we entered into a joint venture agreement with Dawnrays Pharma to develop two drug candidates, ebronucimab (AK102) (PCSK9) and AK109 (VEGFR-2). Dawnrays Pharma is a China-based pharmaceutical company engaging in the development, manufacture and sales of drugs, and it is a subsidiary of Dawnrays Pharmaceutical (Holdings) Limited whose shares are listed on the Stock Exchange (stock code: 02348). Pursuant to the joint venture agreement, we agreed to provide all rights, title and interest in ebronucimab (AK102) and AK109 worldwide in exchange for 65% interest in the joint venture, and Dawnrays Pharma agreed to invest RMB150.0 million in cash in exchange for 35% interest in the joint venture. As of December 31, 2019, we have received investment payments from Dawnrays Pharma amounting to RMB110.0 million in total. We will be entitled to the remaining investment payments from Dawnrays Pharma should the joint venture obtain approval for initiation of the Phase III clinical trial for ebronucimab (AK102) or AK109. Both Dawnrays Pharma and our Company have a right of first refusal and co-sale right under the joint venture agreement.

Under the joint venture arrangements, we will consolidate the financials of the joint venture and we will take the lead in the research and development of ebronucimab (AK102) and AK109 through this partnership. The joint venture will bear all research and development costs and own intellectual property rights in ebronucimab (AK102) and AK109. The joint venture maintains the global rights to develop and commercialize ebronucimab (AK102) or AK109 and it will generate income from sales upon the commercialization of such drug candidates. Dawnrays Pharma and us are entitled to distributable profits of the joint venture in proportion to the number of shares that Dawnrays Pharma and us hold.

The joint venture agreement has an initial term of 30 years subject to extension. The joint venture agreement can be terminated by either party upon (i) expiration of the agreement or (ii) written notice in the event of uncured material beach, bankruptcy or force majeure.

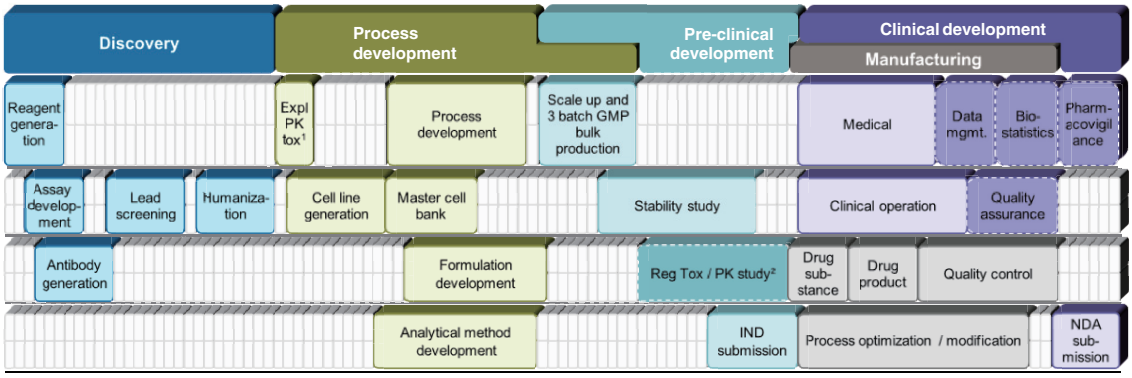
Collaboration Project in Zhongshan Cuiheng

In March 2019, we entered into an investment agreement with Zhongshan Health Technology Industrial Base Development Co., Ltd. and Torch Development Zone Linhai Industry Park Development Co., Ltd. to develop four drug candidates in Zhongshan Cuiheng New District. Pursuant to the investment agreement, certain terms of which may be subject to change pending further negotiation with the counterparty due to uncontrollable events or delays on the part of the government, the local government will provide certain financial incentives to the project company to be established for the purpose of the collaboration project subject to the satisfaction of certain conditions, including the completion of facility construction in Zhongshan Cuiheng New District.

OUR ACE PLATFORM

We believe that fully-integrated in-house R&D capabilities are critically important to our success in China.

Since our inception, we have had the foresight to develop an end-to-end platform, which is called Akeso Comprehensive Exploration platform ("ACE Platform"). Our ACE Platform encompasses comprehensive modern biologic drug discovery and development capabilities and processes and, as illustrated in the chart below, allows us to operate with minimal dependence on external vendor services. These in-house capabilities are grouped in five main functions: (1) drug discovery, (2) process development, (3) pre-clinical development, (4) GMP-compliant manufacturing and (5) clinical development.



Note: [1] Expl PK Tox = Exploratory Pharmacokinetics / Toxicology study; [2] Reg Tox safety / PK study = Registration Pharmacokinetics / Toxicology / Safety study

: Co-manage with CRO
: Out-sourcing
Rest : Fully in-house

As illustrated in the chart above, the individual functions of our ACE Platform have been individually optimized, with great attention given to building cross-function integration at key points in the lifecycle of a drug candidate. The cross-function integration of our ACE Platform facilitates smooth collaboration between different functional groups at key points in the lifecycle of a drug candidate with the aim of increasing the speed of development and likelihood of success, while at the same time reducing the cost of development. Furthermore, the integration of our discovery, development and manufacturing capabilities provide us with unique advantages in an era when quality, efficiency and speed of development and commercialization are paramount to successfully developing a new generation of immunological therapeutics. As a result, our discovery and development platform for both mono- and bi-specific antibodies has produced a rich pipeline of innovative clinical-stage drug candidates and has been endorsed by our out-licensing of AK107, a CTLA-4 monoclonal antibody drug candidate, to Merck.

Our ACE Platform incorporates our proprietary TETRABODY technology, expertise in crystallography and structure-based antibody design and engineering, superior in-house CMC capability, and adherence to global standard throughout the drug development process. These, combined with our fully integrated approach, have allowed us to consistently innovate and produce new drug candidates.

We have built an efficient operating system for these individual functional platforms, laying a solid foundation for bringing our strong pipeline of innovative drugs from inception through development, manufacturing and commercialization.

Integrated In-house Discovery and Process Development

Our fully-integrated ACE Platform includes a comprehensive in-house drug discovery and development platform that has generated all of our drug candidates that are in various stages of CMC and clinical development. All of our molecular biology, protein biochemistry, antibody engineering, cell biology, in vivo modeling and develop ability studies are conducted in-house.

Our team consisted of 109 employees as of the Latest Practicable Date and is led by seasoned executives with a proven track record of drug discovery and development in our targeted therapeutic areas with multinational pharmaceutical companies.

Our antibody discovery and development capabilities are driven by innovative technologies and guided by our deep expertise in immunology, structural biology and CMC process. We use various antibody discovery and engineering technologies such as our proprietary TETRABODY technology, as well as murine antibody generation, screening and humanization, to generate novel mono-specific or bi-specific antibodies, evaluate their potential efficacy and eventually determine whether the antibodies can be further developed as therapeutics. In addition, our discovery function leverages our expertise in crystallography and employs structure-based antibody engineering and design for optimized antibody humanization in order to reduce immunogenicity, increase antigen-binding affinity, and generally achieve a more rational antibody design as compared to traditional antibody design techniques. Aided by these technologies and expertise, we have been able to efficiently discover and produce new antibodies with new targets and deliver high quality drug candidates.

Our in-house Cell Line Development (CLD) group uses state-of-the-art technologies to deliver cell lines that are monoclonal, mono- or bi-specific, and stable and have commercial grade yields. These cells lines are used to provide material for our preclinical and clinical studies, as well as efficient technology transfer for commercial supply. Bringing CLD in-house has provided assurance of quality, flexibility with production schedules, reduced timelines and reduced cost of development. At our research and development headquarters, we have established an efficient system, starting with high throughput screening and selection of clones, to developing robust and reproducible cell lines that are viable for commercial scale production. These capabilities culminate in faster IND submissions and approvals with

seamless supply of product which is essential to our clinical and commercial success. The ability to deliver high expressing, stable cell lines rapidly is critical to shortening timelines from candidate molecule nomination to IND filing and finally to treating patients.

Our process development platform is a comprehensive in-house platform that has developed manufacturing processes for over a dozen clinical candidate antibodies. All steps of stable cell line generation, upstream development, downstream development, analytical development, formulation and stability studies are conducted in-house.

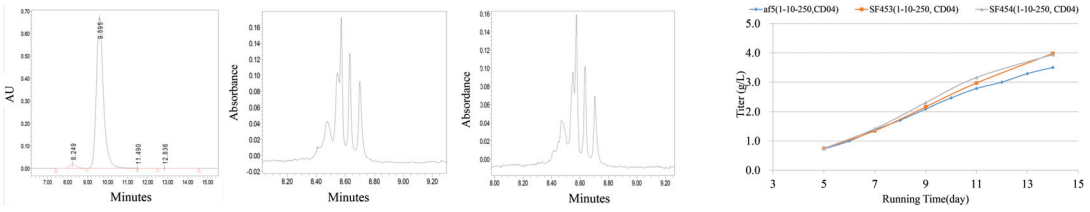
Our typical drug discovery and development project team brings together relevant specialists from across our Company throughout the development of a drug candidate. This includes ongoing involvement of our CMC function to identify, at an early stage, characteristics of a drug candidate that could hamper clinical trials or impede efficient manufacturing of a drug candidate so that issues can be addressed efficiently before the drug candidate progresses to the next stage of development.

We have an R&D building in Zhongshan, which is approximately 8,000 square meters, which is used for drug discovery, process development and pilot-scale production.

Our TETRABODY Technology

We have developed a proprietary "TETRABODY" technology platform, which helps us overcome three recurrent CMC challenges in the development and manufacture of bi-specific antibodies, including low expression levels due to a bi-specific antibody's high molecular weight, process development hurdles as a result of bi-specific antibodies' structural heterogeneity, and bad druggability due to a bi-specific antibody's lack of stability.

Our TETRABODY technology helps us overcome these CMC challenges in the following ways: (1) optimized construct format and linker sequence allow higher stability and expression level; (2) symmetrical shape results in homogeneity and better stability; and (3) tetravalent design leads to enhanced activity and clinical efficacy. The graphs below demonstrate how bi-specific antibody drug candidates developed with our TETRABODY technology overcome these challenges and enjoy improved commercial viability and higher likelihood of success. The HPLC-SEC graph on the left demonstrates our bi-specific antibody candidates' achievement of optimal homogeneity. The cIEF graph in the middle shows the charge variant stability of our bi-specific antibody drug candidates compared with reference material. Finally, the chart on the right shows the achievement of high expression titer of over 3.5 g/L.



Optimal Homogeneity **Superior Stability** **High Expression Titer**

Our proprietary TETRABODY technology delivers therapeutic efficacy beyond blockade of PD-1 pathway alone. Building on the validation of PD-1 as a critical immune checkpoint and leveraging our proprietary PD-1 antibody which exhibits activity superior to that of marketed counterparts, we have adopted a PD-1-based bi-specific pipeline strategy. With TETRABODY, we have developed and will continue to develop multiple PD-1 based bi-specific antibody drug candidates that cover diverse mechanisms of immune-suppression, as illustrated below. There are also potential opportunities for bi-specific candidates in combination therapy with target therapy or chemotherapy.

GMP-compliant Manufacturing

From our inception, we have focused on establishing manufacturing facilities that are designed to meet rigorous international good manufacturing practice (GMP) standards. Our GMP-compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, and support the entire drug development process, from drug discovery to process development, GMP-compliant pilots and commercial manufacturing. We have undergone ordinary course, comprehensive annual audits of our production facilities to evaluate compliance with industry GMP and quality compliance standards, and we have already manufactured eight clinical-stage drug candidates in-house for clinical trials.

Our manufacturing facilities are comprised of the following sites:

- *GMP Pilot Plant*: Our GMP Pilot Plant currently houses our first-stage production facilities with 50 L, 200 L and 250 L disposable bioreactors.

- *FDA/NMPA Compliant GMP Manufacturing Facility*: Our Zhongshan facility is the first biopharmaceutical factory in the south China region that uses GE Healthcare's FlexFactory™ technology, which provides centralized control and a disposable bioreactor lining system. This facility also provides GMP-compliant manufacturing scale-up, with 200 L, 500 L and 1,000 L disposable bioreactors, for a total capacity of 1,700 L. To expand this capacity, we are also installing two additional 1,000 L of bioreactor capacity. Our Zhongshan facility also features a 6,000 vial/hour (10 mL and 2 mL vials) fill/finish line. This manufacturing facility also features a comprehensive and robust quality system for commercial production. This facility has approximately 3,200 square meters of floor space.

- *Commercialization Manufacturing Base in Guangzhou Under Construction*: This facility is being built on a piece of land of 56,573 square meters to accommodate our future growth, which is estimated to house up to a total of 40,000 L bioreactor capacity. In the first phase, we plan to install up to eight 2,000 L bioreactors, two fill/finish lines for vials and pre-filled syringes and a development lab and pilot plant, with an anticipated annual production capacity of two million dose units (vials and syringes). We expect this facility to serve as our bio-analysis center for comprehensive quality control and micro-testing functions. We plan to invest a total of RMB600 million to RMB800 million for the building of this facility, and expect to complete building the facility and commence operation in late 2020.

Manufacturing is subject to extensive regulations that impose various procedural and documentary requirements governing recordkeeping, manufacturing processes and controls, personnel, quality control and quality assurance, among others. Our manufacturing facilities are designed to operate in compliance with GMP standards regulated by the NMPA, the FDA and the EMA.

Chemistry, Manufacturing and Controls

Our GMP-compliant manufacturing function covers CMC functions, which also overlaps with process development including analytical development and qualification. Each of these functions is seamlessly coordinated with one another, with the CMC function supporting our manufacturing capability.

We have established a comprehensive, product-oriented platform that facilitates druggability assessment, high-expression production cell line development and banking, cell culture, purification, formulation and fill/finish process development, scale-up, analytical development, technology transfer, commercial manufacturing and quality control. This platform gives us the ability to advance drug candidates to commercialization efficiently and effectively.

QA/QC

Quality Assurance and Quality Control: The quality assurance (QA) and quality control (QC) function oversees the quality of our facilities and our products, as well as the quality systems in research and development, manufacturing and commercialization of drug candidates and potential future commercial products. The tasks for QA and QC include (1) ensuring quality control throughout the manufacturing process, including specification of the drug substance and the drug product, testing of raw materials, and product quality assessments; (2) establishing a quality assurance system across the entire business, including employee training programs, audits of various business segments and product manufacturing; and (3) validation of facilities and equipment, which includes laboratory tests to verify that a particular process, method, program, equipment or material works properly.

Clinical Function

The clinical function of our fully-integrated platform manages clinical trials including clinical trial design, implementation, and the collection and analysis of trial data. Our clinical function comprises of a clinical development department and a clinical operation department, with a total of 115 members as of the Latest Practicable Date. Leaders of our clinical function possess extensive prior clinical trial experience from global big pharma companies. By leveraging our external and internal resources, our clinical function has achieved substantial clinical efficiency. Starting from late 2017, we initiated 22 clinical trials for eight innovative antibody drug candidates. As of the Latest Practicable Date, we had three single-arm Phase II registration trials as well as three Phase III trials already.

We have built a clinical research and development team with global vision and expertise. Our clinical function has entered into long-term partnerships with numerous hospitals and principal investigators with various areas of expertise located in Australia as well as different regions of China that offer us readily available clinical trial facilities and services. We believe the size and geographic diversity of these facilities provide us a significant advantage in implementing large-scale global clinical trials and also enable us to conduct multiple clinical trials concurrently.

We have a strong medical team to design protocols of all clinical trials in-house. As is customary and permissible in the pharmaceutical industry, we use contract research organizations ("CROs") and consultants to manage, conduct and support our clinical trials and pre-clinical studies in China and in Australia under our supervision in order to exploit their professional expertise and achieve cost efficiency. In addition, we rely on consultants and advisers, including scientific and clinical advisers, to assist us in formulating our clinical development strategy. We select our CROs by weighing various factors, such as their qualifications, academic and professional experience and industry reputation. We engage consultants and advisers who possess the breadth of skills and experience required to successfully strategize clinical research and obtain regulatory approvals for drug products like those we develop. We have key personnel with expertise in each aspect of clinical trials, including medical treatment, data management, biostatistics, pharmacovigilance, and project management, to carefully evaluate CROs' capabilities and pricing, as well as to supervise their performance and delivery. We have been working with the largest global clinical CRO companies for most of our clinical trials, including those for our four core product candidates, AK104 (PD-1/CTLA-4), penpulimab (AK105) (PD-1), AK101 (IL-12/IL-23) and ebronucimab (AK102) (PCSK9). The CROs provide us with not only an array of products and services necessary for complex clinical trials, but also a wealth of their resources. We leverage our CROs to facilitate optimal site selection, timely patient recruitment and efficient management of complex clinical trials. For instance, with respect to clinical trials of our four core product candidates, our CROs are usually tasked with helping in selecting study investigators and investigational sites, conducting study-specific training of study site personnel, and monitoring and reconciling study generated data. Generally, we enter into a master service agreement with a CRO under which we execute a separate work order for each pre-clinical or clinical research project, or we enter into a research and development contract with a CRO for an individual project. We supervise these third-party service providers closely to ensure that they perform their tasks for us in a manner that complies with our protocols and applicable laws and that protects the integrity of the data resulting from our trials and studies.

We believe our strength in recruiting clinical trial participants and our ability to conduct large, high-quality clinical trials enable us to reduce our drug development timelines by generating the requisite data reliably and efficiently. Supported by our CROs and our geographically diverse hospital partners, we are able to recruit specialized populations for otherwise difficult-to-recruit clinical trials. We have significant expertise and experience in recruiting for and conducting trials involving a variety of therapeutic areas, including oncology, immunology and other diseases.

Our clinical function also leads the regulatory submission process for our drug candidates, which requires filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. We possess extensive knowledge and experience with regard to regulatory filings in China and the United States.

Commercialization

We have been developing our commercialization capabilities since the beginning of our first clinical trial, actively recruiting sales and marketing personnel and identifying collaboration partners. As our current product pipeline of drug candidates comes to market, we will continue to build out our commercialization and distribution capabilities in order to maximize the reach of our product offering and expedite market acceptance of our products. Our commercialization operations consist of three primary functions: marketing, sales and medical affairs. We intend to commercialize our drug candidates in China, once they receive regulatory approval, through our internal direct sales force or distribution companies, as well as through commercialization partnerships with other pharmaceutical players with existing sales forces.

Sales and Marketing

We are building our internal salesforce to prepare for directly marketing certain of our drug candidates in China, where we feel we are well-placed to do so given our access to the Chinese market, and where we believe we can capture additional margin. We plan to establish an internal sales and marketing team that covers most of the provinces and major municipalities in China. At the moment, we are utilizing the sales and marketing team as hospital liaisons, who help the principal investigators to get familiarized with our drug candidates' differentiation and clinical plans, which we believe will be critical and beneficial later during our sales push once the same drug candidate comes to market. We are building our sales and marketing team in preparation for the commercial sales of our first wave of approved drug candidates. When building our salesforce, we will initially focus on the commercialization of our late-stage core product candidates for their respective first approved indications. We will continue to build our sales and marketing team as we develop and start commercialization of more approved products and for additional indications.

Our sales and marketing team will market our future approved drug candidates to physicians and hospital administrators using a physician-targeted, academic marketing model, focusing on promoting the differentiating clinical aspects of our products. Such marketing efforts are expected to commence several months before the expected approval for the commercialization of a drug candidate. Our sales representatives will focus on effective market coverage and penetration to meet the anticipated demand for our future approved drug candidates in their respective regions and for their approved indications.

For certain drug candidates, we identify commercialization partners among major pharmaceutical companies in China and worldwide. Specifically, we are seeking partnerships with recognized companies in the pharmaceutical industry that can offer access to established distribution channels, globally recognized branding, an experienced sales force and longstanding connections with well-known physicians and hospitals. When selecting commercialization partners, we will also focus on their expertise in the relevant therapeutic area and their regulatory know-how.

We have already entered into a number of strategic collaborations with partners to enhance our distribution channels in anticipation of approval for our drug candidates, including our joint venture with Dawnrays Pharma to develop ebronucimab (AK102) (PCSK9) and AK109 (VEGFR-2) and our joint venture with Chia Tai Tianqing (the principal subsidiary of Sino Biopharm) to develop penpulimab (AK105) (PD-1). Notably, Chia Tai Tianqing possesses extensive regulatory and commercial capabilities, including, among other things, one of China's largest pharmaceutical sales forces of about 12,000 sales professionals, which we believe will substantially facilitate our commercialization of penpulimab (AK105).

Medical Affairs

We will rapidly build up a medical affairs team comprised of medical directors and medical science liaisons who are primarily responsible for post-launch clinical data generation and medical communication. Currently, we are working closely with our collaboration partners to increase the market awareness and recognition for our drug candidates by leveraging their media resources. Our medical affairs team will focus on organizing academic seminars and conferences, sponsoring investigator-led clinical trials, providing academic consulting services and developing collaborative clinical solutions.

Market Access

We will make use of pharmaceutical distributors. We have begun discussions with these companies to prepare for the commercialization of our drug candidates, once approved, and to prepare terms of collaboration partnerships with them. We are beginning to, and intend to continue to, support numerous investigator-led clinical trials to generate local clinical data and accumulate relevant clinical experience that will support the clinical use of our future approved products.

CUSTOMERS

During the Track Record Period, we derived revenue from upfront and milestone payments from our customers in connection with the out-licensed products.

To the knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the Global Offering had an interest in any of our customers during the Track Record Period.

RAW MATERIALS AND SUPPLIERS

We develop cell lines independently in our own facilities when we begin development of a new drug candidate. We maintain a master cell bank with separate copies in two locations and we produce working cell banks from the master cell bank.

We procure equipment for the development and manufacture of our drug candidates from industry-leading, highly reputable manufacturers and suppliers around the world. We purchase cell culture media from several reputable third-party suppliers on a regular basis. We use CROs and consultants to manage, conduct and support our clinical trials in China. For further details, see "– Our Platform – Clinical Development."

Our purchases include raw materials, third-party contracting services for research and development services, machines and equipment and administrative services. For the years ended December 31, 2018 and 2019, purchases from our largest supplier accounted for approximately 27.5% and 14.7%, respectively, of our total purchases. For the same periods, purchases from our five largest suppliers accounted for approximately 62.5% and 49.5%, respectively, of our total purchases. All of our five largest suppliers during the Track Record Period are independent third parties. None of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital immediately following the completion of the Global Offering, had any interest in any of our five largest suppliers during the Track Record Period.

We have established relationships with preferred suppliers of raw materials for our manufacturing activities who we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these raw materials.

AWARDS AND RECOGNITIONS

Our Company has received a wealth of awards, including four national and seven provincial level research grants for our innovative drug development efforts. Some of the key research grants that our Company has received is set forth in the table below.

Pipeline Candidate	Grant Type	Grant Institution	Project Name	Date of Grant	Approved Grant Amount
AK101 (IL-12/IL-23)	Major Scientific and Technological Special Project for "Significant New Drugs Development"	National Health and Family Planning Commission	A monoclonal antibody targeting the validated second-generation auto-immune disease target IL-12/IL-23 (AK101)	December 28, 2017	RMB2.94 million
AK112 (PD-1/VEGF)	Major Scientific and Technological Special Project for "Significant New Drugs Development"	National Health and Family Planning Commission	Innovative immune checkpoint antibody drug candidate (AK112)	December 28, 2017	RMB1.68 million

The following table sets forth some of the important accreditations and awards we have received from the relevant authorities and organizations in China in recognition of our research and development capabilities:

Year	Recipient	Accreditation/Award	Accreditation Organization
2018	Akeso Biopharma	AK104 (PD-1/CTLA-4) as the "Top 10 Major Advancements in Medical Biotechnology in China in 2017"	*China Medical Biotechnology* and China Association of Medical Biotechnology
2015	Akeso Biopharma	National Exemplary Institution for Transfer of technologies	Ministry of Science and technology
2014	Akeso Biopharma	Guangdong Province Key Laboratory for Protein Engineering and New Antibody Development (廣東省蛋白質工程及抗體藥物開發工程實驗室)	Bureau of Development and Reform of Guangdong Province (廣東省發展和改革局)

COMPETITION

Our industry is highly competitive and subject to rapid and significant change. While we believe that our fully-integrated platform, our robust pipeline of drug candidates in clinical and pre-clinical trials and our experienced leadership team provide us with competitive advantages, we face potential competition from many different sources working to develop therapies targeting the same indications against which we are developing our drug candidates. These include major pharmaceutical companies, such as Merck, Bristol-Myers Squibb, Roche, Jiangsu Hengrui, Qilu Pharmaceutical and Hisun Pharmaceutical; specialty pharmaceutical and biotechnology companies, such as BeiGene (百濟神州), Innovent (信達生物), Junshi (君實生物) and Henlius (江蘇恒瑞); and academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete both with existing drugs and with any new drugs that may become available in the future.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We currently hold vehicle insurance, commercial accident insurance, clinical trial liability insurance and property insurance. We do not maintain product liability insurance or key man insurance.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date:

Function	Number	Percentage
Research and Development	107	27.4%
Clinical	99	25.4%
Manufacturing	101	25.9%
Sourcing	12	3.1%
Selling, General and Administrative	71	18.2%
Total	**390**	**100.0%**

As of the Latest Practicable Date, we had 306 employees in Zhongshan, 35 employees in Guangzhou, 33 employees in Beijing, 14 employees in other regions of China and two employees out of China. As of the Latest Practicable Date, 81.3%, 92.9% and 68.3% of the employees of our research and development team, clinical team and manufacturing team, respectively, held bachelor's degrees or above. Leaders of these team generally have extensive professional experience from global big pharma or leading Chinese pharma companies.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for at least two years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of employment. For further details regarding the terms of confidentiality and employment agreements with our key management, please refer to the section headed "Directors and Senior Management" in this prospectus.

We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. The employees of Akeso Biopharma are currently represented by a labor union.

Training and Development

We provide formal and comprehensive company-level and department-level training to our new employees followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Given our emphasis on operating a fully-integrated platform for our drug development processes, some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

Employee Benefits

Our employees' remuneration comprises salaries, bonuses, employees provident fund and social security contributions and other welfare payments. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees pursuant to applicable laws and regulations. During the Track Record Period, we didn't make timely and adequate contribution of social insurance premium involving an immaterial amount which will not bring any material adverse effect affecting our operations. As of the Latest Practicable Date, no fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance or housing reserve fund contributions, nor had we received any order to settle the outstanding amount of such contributions we incurred during the Track Record Period. We have made full provision for the shortfall amounts during the Track Record Period and will pay such shortfall amounts in a timely manner if requested by the relevant regulatory authorities. Save as disclosed above, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects as of the Latest Practicable Date.

LAND AND PROPERTIES

We own our main campus in the Zhongshan Torch Development Zone which currently houses our administrative offices, our GMP Pilot Plant and our Zhongshan manufacturing facility. Our main campus includes 1,845 square meters of office space. Our GMP Pilot Plant occupies 306 square meters of floor space, and includes our first-stage production facilities with 50 L, 200 L and 250 L disposable bioreactors. Our Zhongshan manufacturing facility occupies approximately 3,200 square meters of floor space and features 1,700 L of bioreactor capacity. In addition to this existing capacity, we have the capability of integrating two additional 1,000 L bioreactors, which would increase the total capacity of the Zhongshan manufacturing facility to 3,700 L. We were the first biopharmaceutical manufacturing facility in South China to incorporate GE FlexFactory technology with central control system, making our Zhongshan facility well-suited as a multi-product facility by giving us the flexibility to scale up or switch production between various drug candidates by reducing cleaning and repurposing time between lots and increasing the number of annual batch cycles. Our Zhongshan facility also features a fill-finish line capable of processing up to 6,000 vials per hour and which is able to accommodate both 10 mL and 2 mL vials.

In addition to our main campus in Zhongshan, we are constructing an additional manufacturing facility in Guangzhou. Our Guangzhou manufacturing facility is being built on a piece of land of 56,573 square meters that is estimated to house up to a total of 40,000 L bioreactor capacity. This includes the first phase of the construction on this land featuring up to eight 2,000 L bioreactors for a total capacity of 16,000 L, which we expect completion of installation and commencement of operation by the end of 2020.

In the future, we may also explore other sites that offer promising economics in order to further expand our manufacturing capacity.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. As of the Latest Practicable Date, we were the owner of all the patents and patent applications which are material to our business, including those relating to our core product candidates.

As of the Latest Practicable Date, we owned (i) 16 issued patents in China, (ii) one issued patent and one approved patent in the U.S. and (iii) 86 pending patent applications, including 15 Chinese patent applications, three U.S. patent applications, 13 patent applications under the Patent Cooperation Treaty and 55 patent applications in other jurisdictions relating to certain of our drug candidates and technologies.

As of the Latest Practicable Date, with respect to our four core product candidates, AK104 (PD-1/CTLA-4), penpulimab (AK105) (PD-1), AK101 (IL-12/IL-23) and ebronucimab (AK102) (PCSK9), we own 4 issued Chinese patents, 4 pending Chinese patent applications, 1 approved U.S. patent, 2 pending U.S. patent applications, 3 pending PCT applications and 30 patent applications in other jurisdictions. In particular:

- AK104: As of the Latest Practicable Date, with respect to AK104, we owned 1 issued Chinese patent, 1 pending Chinese patent application, and 1 PCT application that has entered national phase in the U.S. and 14 other jurisdictions. The Chinese patent is expected to expire in 2036, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

- Penpulimab (AK105): As of the Latest Practicable Date, with respect to penpulimab (AK105), we owned 1 issued Chinese patent, 1 pending Chinese patent application, and 1 PCT application that has entered national phase in the U.S. and 14 other jurisdictions. The Chinese patent is expected to expire in 2036, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

- AK101: As of the Latest Practicable Date, with respect to AK101, we owned 1 issued patent and 2 pending Chinese patent applications. The Chinese patent is expected to expire in 2033, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

- Ebronucimab (AK102): As of the Latest Practicable Date, with respect to ebronucimab (AK102), we owned 1 issued Chinese patent, 1 approved U.S. patent and 1 PCT application that has entered national phase in the U.S. and 2 other jurisdictions. The Chinese and U.S. patents are expected to expire in 2035 and 2036, respectively, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

The following table summarizes the details of the material granted patents and filed patent applications by our Company or joint ventures in connection with our clinical and pre-clinical drug candidates.

Product	Scope of patent protection	Jurisdiction	Status	Applicant	Patent expiration[1]	Market commercial rights of Akeso Biopharma
PD-1/CTLA-4 bi-specific antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Granted	Akeso Pharma	2036	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT[2] (entered into nationalisation phase)	Pending	Akeso Pharma	2037	All rights worldwide
PD-1 monoclonal antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Granted	CTTQ-Akeso	2036	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT (entered into nationalisation phase)	Pending	Akeso Biopharma	2037	All rights worldwide
A monoclonal antibody that blocks the function of interleukin -12/p40, its coding gene and application	Directed to the light and heavy chain variable region sequence and pharmaceutical use if interleukin 12 p40 antibody	China	Granted	Akeso Biopharma	2033	All rights in Mainland China
Anti-human p40 protein domain antibody and use thereof	Directed to the CDRs, light and heavy chain variable region sequence and pharmaceutical use if interleukin 12 p40 antibody	China	Pending	Akeso Biopharma	2039	All rights in mainland China
PCSK9 antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Granted	AD Pharma	2035	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT (entered into nationalisation phase)	Pending	AD Pharma	2036	All rights worldwide

Product	Scope of patent protection	Jurisdiction	Status	Applicant	Patent expiration[1]	Market commercial rights of Akeso Biopharma
Interleukin-17A antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Biopharma	2038	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT	Pending	Akeso Biopharma	2039	All rights worldwide
PD1/ VEGF-A bi-specific antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Biopharma	2038	All rights in Mainland China
IL-1β antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Biopharma	2038	All rights in Mainland China
Human monoclonal IgG1 antibody against VEGFR-2, its coding gene and application	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Granted	AD Pharma	2036	All rights in Mainland China
Human IL-4RA antibody and its use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Biopharma	2038	All rights in Mainland China
CTLA-4 monoclonal antibody, its pharmaceutical composition and use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Granted	Akeso Biopharma	2034	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT (entered into nationalisation phase)	Pending	Akeso Biopharma	2035	All rights worldwide
Anti-human p40 protein domain antibody and its use	Directed to the CDR, light and heavy chain variable region sequence and indications	China	Pending	Akeso Biopharma	2039	All rights in Mainland China

Product	Scope of patent protection	Jurisdiction	Status	Applicant	Patent expiration[1]	Market commercial rights of Akeso Biopharma
PD-1/CTLA-4 bi-specific antibody	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Pharma	2039	All rights in Mainland China
Anti-human IL-4RA antibody and its use	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	China	Pending	Akeso Biopharma	2039	All rights in Mainland China
	Directed to the CDR, light and heavy chain variable region sequence and pharmaceutical use	PCT	Pending	Akeso Biopharma	2039	All rights worldwide

Notes:

(1) Patent expiration date is estimated based on current filing status. No patents are eligible for extension based on current laws and regulations.
(2) "PCT" refers to Patent Cooperation Treaty.

As of the Latest Practicable Date, we owned 7 issued Chinese utility model patents for our various innovative technologies that are utilized throughout our drug development and manufacturing process, including those related to inoculation, cell culture, chromatography and bioreactors. These utility model patents have a term of ten years from the date of filing and are expected to expire in and after 2023.

The term of individual patents may vary based on the countries in which they are obtained. In most countries in which we file patent applications, including China and the United States, the term of an issued 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 United States Patent and Trademark Office (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, with respect to any issued patents in the United States and Europe, we may be entitled to obtain an extension of the patent's term, provided we meet the applicable requirements for obtaining such patent term extensions. For example, 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 an NDA 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, 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. There can be no assurance that we will receive any patent term extension on any patent covering product candidates, and even if a patent term extension is granted, the extension may be for less time than requested and the claim scope under such extension may be inadequate to protect our competitive position.

The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisers and contractors, and invention assignment agreements with our employees. We have adopted various measures to ensure our employees would adhere to our internal control measures to protect our intellectual property, maintain confidentiality of our information and prevent infringement on third parties' intellectual property, such as software copyright. As a matter of our risk management policy, we control access to and use of our proprietary technology and other confidential information by our employees to the extent necessary and we have entered into confidentiality agreements and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. We have also adopted both technological means and training program for our employees to identify and protect our intellectual property, and prevent infringement on intellectual property of third parties.

However, these agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

As a matter of our risk management policy, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "– Risk Factors – Risks Relating to Our Intellectual Property" for a description of risks related to our intellectual property.

We conduct our business under the brand name of "Akesobio" ("康方生物"). As of the Latest Practicable Date, we had registered seven trademarks in China and Hong Kong, including Akesobio, AKESOBIO, 康方生物, Akesobio Biopharma, and AD PHARMA, and filed eight trademark applications in China. We are also the registered owner of two domain names and have irrevocable licenses for akesobio.com and akesobiopharma.com domain names.

We enter into collaboration agreements and other relationships with pharmaceutical companies and other industry participants to leverage our intellectual property and gain access to the intellectual property of others. See "– Collaboration Agreements."

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.

See Appendix IV – "Statutory and General Information – Further Information about Our Business – Intellectual Property Rights" to this prospectus for further information.

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees, patients and communities. We have implemented company-wide environmental, health and safety manuals, policies and standard operating procedures that include management systems and procedures relating to emissions of air, water and other media; waste water generation and treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; worker health and safety requirements; third party safety management; emergency planning and response; and product stewardship.

Our environmental, health and safety ("EHS") department is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed and shared by separate teams in the EHS department through training; formulation and implementation of strategies, policies, standards and metrics; communication of environmental, health and safety policies and procedures through of a team of coordinators; environmental, health and safety audits; and incident response planning and implementation with a team of volunteer first responders.

Certain specialized areas of the responsibility are assigned to teams comprised of subject-matter experts with the relevant expertise and experience. For instance, our biosafety subject matter experts are responsible for biosafety training, compliance of our operations with biosafety-related legal requirements, biosafety risk assessment and review of corrective actions and preventative actions ("CAPA") that we will take upon the occurrence of any biosafety emergency.

Our manufacturing facilities produce no significant waste products other than water exiting our bioreactors. We do not currently have a waste water treatment facility onsite. Wastewater from our bioreactors is transported by a licensed third-party service provider for treatment offsite.

We have not had any significant workplace accidents in the history of our Company.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising from the ordinary course of our business from time to time. We may also initiate legal proceedings in order to protect our intellectual property and other rights. In February 2019, we brought a breach of contract claim against Sichuan Kelun Drug Research Institute Co., Ltd. ("Sichuan Kelun"), one of our collaboration partners for the development of a humanized PD-L1 monoclonal antibody drug in China and Sichuan Kelun Pharmaceutical Co., Ltd., which is Sichuan Kelun's sole Shareholder, based on Sichuan Kelun's failure to perform its contractual obligations to pay us our share of the proceeds received pursuant to certain out-licensing arrangements according to our collaboration agreement with Sichuan Kelun (the "Kelun Collaboration Agreement"). In our claim, we sought an aggregate amount of approximately US$1.8 million for compensation. In July 2019, Sichuan Kelun filed a claim and alleged that we did not perform our contractual obligations under the Kelun Collaboration Agreement. In its claim, Sichuan Kelun sought for the return of RMB1 million we received and an aggregate amount of approximately RMB20.2 million for compensation. As of the Latest Practicable Date, the claim from Sichuan Kelun was being considered by the court as to its preliminary procedural issues and the suit had not entered into substantive hearing stage. Based on the discussion with the litigation lawyers retained by the Company for the litigations with Sichuan Kelun (the "Kelun Cases") and the Company's IP counsel as to the potential legal exposure of the Company involved in the Kelun Cases, our Directors consider that the aforementioned legal proceedings would not have material adverse impact on our Company's business and operations. On the same basis relied on by the Directors and after the discussion with them, our PRC Legal Advisors agree with the views of our Directors.

Except as disclosed above, neither our Company nor any of our Directors were party to any material litigation, arbitration or administrative proceeding, and we are not aware of any material litigation, arbitration or administrative proceeding pending or threatened against us or any of our Directors as of the Latest Practicable Date. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

Legal Compliance

As of the Latest Practicable Date, we have not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

PERMITS, LICENSES AND OTHER APPROVALS

Our PRC Legal Advisers have advised that as of the Latest Practicable Date, our PRC subsidiaries had obtained all the material licenses, permits and approvals necessary to conduct operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global biopharmaceuticals markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other pharmaceutical companies. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information – Qualitative and Quantitative Disclosure about Market Risk" for a discussion of these market risks.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our Group's approach to risk management and internal control:

- Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- We have designated a senior management officer who will be responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant departments in our Company and supervising the implementation of our risk management policy by the relevant departments; and (iii) reporting to our audit committee on our material risks.

- The relevant departments in our Company, including but not limited to the finance department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures, or the Internal Control Review, in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, accounts receivable

management, procurement, accounts payable and payment, fixed assets management, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, contract management, insurance management, research and development and intangible assets management. The Internal Control Consultant performed the Internal Control Review in February 2019 and follow-up reviews in November 2019 and January 2020. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. For more information, see "– Intellectual Property" and "– Environmental Matters and Workplace Safety." We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged Somerley Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the section headed "Future Plans and Use of Proceeds" in this prospectus after the Listing, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the Listing. We will continue to arrange various trainings to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We also ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS. Potential investors should read the whole of the Accountants' Report set forth in Appendix I and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please see the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to in-house discovery, development and commercialization of first-in-class and best-in-class therapies. We are dedicated to addressing global unmet medical needs in oncology, immunology and other therapeutic areas. Our vision is to become a global leader in developing, manufacturing and commercializing innovative, next-generation and affordable therapeutic antibodies for patients worldwide.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We were not profitable and incurred operating losses during the Track Record Period. For the years ended December 31, 2018 and 2019, we had loss of RMB154.4 million and RMB346.5 million, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and finance costs.

We expect to incur significant amount of expenses and operating losses for at least the next several years as we further our pre-clinical research efforts, continue the clinical development of our drug candidates, seek regulatory approvals for them, launch them to the market, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to also incur costs associated with operating as a public company. We expect that our financial performance will fluctuate periodically due to the development status of our drug candidates, regulatory approval timeline and commercialization of our future approved drugs.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 30, 2019. Our Company, as the holding company of our business, indirectly owns all of our subsidiaries, including our operating subsidiaries, which run all of our operations both domestically and internationally. See "History, Development and Corporate Structure" for more details.

The historical financial information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board, or IASB. All IFRSs effective for the accounting period commencing from January 1, 2019, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention except for certain financial assets and financial liabilities at fair value through profit or loss.

The adoption of IFRS 9, IFRS 15 and IFRS 16 does not have a significant impact on our financial position and performance when compared to that of IAS 39, IAS 18 and IAS 17. We performed an internal assessment of the early adoption of IFRS 9, IFRS 15 and IFRS 16 and the major impacts to our Group are set forth below:

IFRS 15

IFRS 15 "Revenue from contracts with customers" replaces the previous revenue standard IAS 18 "Revenue" and related interpretation. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. Our Group elected to early apply IFRS 15, which has been applied consistently throughout the Track Record Period.

Our Group derived revenue mainly from licenses of intellectual properties to customers. Under IFRS 15, an entity 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. Based on the historical financial information, had IAS 18 been consistently applied throughout the Track Record Period, there would be no significant impact on our financial position and performance. The adoption of IFRS 15 as compared to IAS 18 had resulted in more disclosures in our historical financial information throughout the Track Record Period.

IFRS 9

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement and impairment. Under IFRS 9, our debt financial assets are subsequently measured at fair value through profit or loss or amortized cost. The classification is based on two criteria: (i) our Group's business model for managing the assets and (ii) whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The effects of early adoption of IFRS 9 have been assessed on our Group's historical financial information and compared to the requirements of IAS 39, noted that:

(1) the adoption of IFRS 9 has changed our Group's accounting for investments in wealth management products which yields on these products are not guaranteed by replacing available-for-sale investments under IAS 39 with investments measured at fair value through profit or loss. However, these two categories are both measured at fair value, so the application would not cause a material impact on our financial position and performance.

(2) the adoption of IFRS 9 has fundamentally changed our Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach. IFRS 9 requires our Group to record an allowance for expected credit measured at amortised cost. However, most of the receivables are expected to be collected shortly after the recognition and no history of default, so the application of IFRS 9 would not cause a material impact on our financial position and performance.

Based on the above assessment, had IAS 39 been consistently applied throughout the Track Record Period, there would be no significant impact on our financial position and performance. The adoption of IFRS 9 as compared to IAS 39 had resulted in more disclosures in our historical financial information throughout the Track Record Period.

IFRS 16

IFRS 16 Leases has replaced the previous standard IAS 17 Leases and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. IFRS 16 has been consistently applied to the Historical Financial Information during the Track Record Period.

The effects of the early adoption of IFRS 16 have been assessed on our historical financial information as compared to the requirements of IAS 17, which is summarized as below:

(1) The operating lease commitments under IAS 17 were no longer disclosed as lease commitment, instead, all leases (except for short-term leases and leases of low-value assets) were recognized as a right-of-use asset and a corresponding liability under IFRS 16 at the lease commencement date. We recognized right-of-use assets of RMB52.0 million and RMB52.4 million as of December 31, 2018 and 2019, respectively. We recognized lease liabilities of RMB6.5 million and RMB7.3 million as of December 31, 2018 and 2019, respectively;

(2) Under IFRS 16, each lease payment is allocated between the settlement of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the lease term on a straight-line basis. No material impact to the consolidated statements of profit or loss is resulted as compared to the recognition of operating lease expenses under IAS 17.

Based on the assessment, by applying IFRS 16, there are increases in both total assets and liabilities of our Group when comparing to that under IAS 17, and other than this, there is no significant impact on our Group's financial position and financial performance. Due to the increase of the current portion of the lease liabilities, there are decreases in current ratio and quick ratio when comparing to that under IAS 17, and other than this, there is no significant impact on gearing ratio. Current ratio equals current assets divided by current liabilities as of the end of the year/period. Quick ratio is calculated using the sum of cash and bank balances and investments, then divided by current liabilities as of the same date. Gearing ratio is calculated as long-term debt divided by total equity.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the year-to-year comparability of our financial results are principally affected by the following factors:

Our Ability to Commercialize Our Drug Candidates

Our business and results of the operation will be dependent on our receipt of regulatory approval for and successful commercialization of our drug candidates. All of our core drug candidates are currently in clinical trials and have not yet received clinical approval; however, we expect to obtain approvals and intend to commercialize these products in the coming years. See the paragraphs headed "Business – Our Drug Candidates" for more information on the development status of our various drug candidates.

Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and sales of our drugs and our biologics production capacity to meet demand. Our commercialization strategy involves building our own commercialization and distribution capabilities, and entering into collaboration agreements with commercialization partners who will sell our products using their established commercialization capability. See "Business – Our Strategies – Build commercial capabilities in China" and "Business – Our Strategies – Continue to seek value accretive partnership opportunities to advance our product development" for more details.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses, administrative expenses and other expenses, net. It also consists of cost of sales and finance costs.

Research and development activities are central to our business model. In 2018 and 2019, our research and development expenses accounted for 87.4% and 66.0% of our total expenses and costs, respectively. Our research and development expenses primarily consist of:

- the costs of clinical trials for our drug candidates including third-party contracting costs with the engagement of contract research organizations, or CROs, clinical trial sites and other service providers in connection with clinical trials;
- costs associated with purchasing raw materials for research and development of our drug candidates;
- third-party contracting costs relating to testing expenses for pre-clinical programs;
- employee salaries and related benefit expenses in connection with our research and development activities; and
- depreciation and amortization of assets used in the development of our drug candidates.

Our current research and development activities mainly relate to the clinical advancement of our drug candidates. We expect our research and development expenses to continue to increase for the foreseeable future as we move these drug candidates from pre-clinical trials to clinical trials and further to more advanced clinical trials as well as we continue to expand the clinical development of our drug candidates for the treatment of more indications.

Our administrative expenses primarily consist of (i) employee salaries and benefits and (ii) depreciation and amortization expenses. Other administrative expenses include office expenditures, professional fees for third party services, listing expenses and other expenses in connection with administrative activities.

We expect our cost structure to evolve as we continue to develop and expand our business. As the clinical trials of our drug candidates continue to progress and as we gradually bring assets of our product pipeline to commercialization, we expect to incur additional costs in relation to our raw materials procurement, manufacturing, 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 team and commercialization team, and incur higher staff costs as a result.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and loans. Going forward, in the event of a successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with revenue generated from sale of our commercialized drug products.

However, with the continuing expansion of our business we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in our ability to fund our operations will impact our cash flow plan and our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles that conform with IFRSs issued by the IASB. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our most critical accounting policies and estimates are summarized below. See Note 2.4 and Note 3 to the Accountants' Report set out in Appendix I for a description of our significant accounting policies and estimates.

Significant Accounting Policies

Revenue recognition

Revenue from contracts with customers

We recognize revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, we estimate the amount of consideration to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

During the relevant periods, we generated revenue from licenses of intellectual properties to customers. Customers would use commercially reasonable efforts to develop and commercialize those intellectual properties and would bear the costs of development, manufacturing and commercialization. We were entitled to consideration of upfront payments, future clinical development milestone payments and sales milestone payments. Upfront payments and future clinical development milestone payments were fixed and became receivable upon each milestone, such as grant of intellectual properties, achievement of development specified in the licensing contract. Sales milestone payments were based on future sales of the relevant products by customers.

At the inception of each licensing contract, we evaluate whether the upfront payments and future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Upfront payments and future clinical development milestone payments that are not within our control are not considered probable of being achieved until those milestones are achieved. At the end of each subsequent reporting period, we re-evaluate the probability of achievement of all milestones subject to constraint and, if necessary, adjusts our estimate of the overall transaction price. We record such adjustments on a cumulative catchup basis, which would affect revenues and earnings in the period of adjustment.

For the licensing contracts in which we will not undertake any activities that significantly affect the intellectual properties, the customer gets a right to use the intellectual properties when the license is granted. We recognize revenue at the amount estimated as above when the customer obtains the right to use the intellectual properties.

We regard sales milestone payments as sales-based royalties and we recognize sales milestone payments as revenue only when the subsequent sale of relevant product by customer occurs.

Other income from provision of services

We recognize income from provision of services when we satisfy a performance obligation by transferring control of the promised services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria:

- The counterparty simultaneously receives and consumes the benefits provided by our performance as we perform.

- Our performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced.

- Our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

We recognize the portion of the transaction price that is allocated to services satisfied at a point in time as income when control of the services transfers to the counterparty. If the services are satisfied over time, we recognize the portion of the transaction price allocated to that services as income as the services are satisfied. We adopt an appropriate method of measuring progress for purposes of recognizing income from provision of services. We evaluate the measure of progress at the end of each reporting period and, if necessary, adjust the measure of performance and related income recognized.

Government grants

We recognize our government grants at fair value when there is a reasonable assurance that a grant will be received and all attaching conditions will be complied with. Where a grant relates to an expense item, the grant is recognized as income on a systematic basis over the periods that the costs, which the grant is intended to compensate, are expensed.

Where a grant relates to an asset, the fair value is either (i) credited to a deferred income account and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments, or (ii) deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Research and development expenses

We charge research and development expenses to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Significant Accounting Estimates

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. We consider the tax treatments of such transactions periodically to take into account all changes in tax legislation. We recognize deferred tax assets in respect of deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, management's judgment is required

to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Impairment of non-financial assets

We assess whether there are any indicators of impairment for all non-financial assets at the end of each of the relevant periods. We test non-financial assets for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, our management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Useful lives and residual values of property, plant and equipment

We determine the useful life and residual value of an item of property, plant and equipment by considering technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. We estimate the useful life of the asset based on our experience with similar assets that are used in a similar way. We adjust the depreciation amount if the estimated useful life and/or the residual value of an item of property, plant and equipment are different from the previous estimation. We review the useful lives and residual values at each financial year end date based on changes in circumstances. For details, see Note 2.4 to the Accountants' Report set out in Appendix I.

Fair value of financial assets and financial liabilities at fair value through profit or loss

We measure financial assets and financial liabilities at fair value at the end of each financial year. We estimate fair value of financial assets, such as investment in financial products, in the absence of an active market, by using appropriate valuation techniques. Such valuations are based on certain assumptions about future cash flows, volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. The fair values of financial assets at fair value through profit or loss as of December 31, 2018 and 2019 were RMB100.1 million and RMB0.8 million, respectively. For details, see Note 18 to the Accountants' Report set out in Appendix I.

The convertible redeemable preferred shares issued by our Company are not traded in an active market and we determine the respective fair value by using valuation techniques. We applied the discounted cash flow method to determine the underlying equity value of our Company and adopted the option-pricing method and equity allocation model to determine the

fair value of the convertible redeemable preferred shares. Such valuation is based on certain assumptions about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. For details, see Note 24 to the Accountants' Report set out in Appendix I.

Fair Value of Convertible Redeemable Preferred Shares

Our Company issued Preferred Shares to a group of investors during the Track Record Period as set out in Note 24 to the Accountants' Report set out in Appendix I. The Series D 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 24 to the Accountants' Report set out in Appendix I. 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 possibilities under different scenarios such as 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 fair value through profit or loss. The fair values of the convertible redeemable preferred shares classified as financial liabilities at fair value through profit or loss as of December 31, 2018 and 2019 were nil and RMB1,099.6 million, respectively.

In relation to the fair value assessment of the 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 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 Note 24 and Note 33 to the historical financial information of our 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. The Reporting Accountants' opinion on the historical financial information of our Group during the Track Record Period as a whole is set out on page I-2 to the Accountants' Report set out in Appendix I.

In relation to the fair value assessment of the financial liabilities, the Joint Sponsors have conducted relevant due diligence work, including (i) reviewing relevant notes in the Accountants' Report as contained in Appendix I to this prospectus and relevant valuation report provided by the valuer; and (ii) discussing with the Reporting Accountants and the valuer about their work performed in respect of the fair value assessment of the financial liabilities. There is nothing that comes to the attention of the Joint Sponsors that indicates that the Directors have not undertaken independent and sufficient investigation and due diligence, or that the Directors' reliance on the work products of the valuer is unreasonable or excessive.

DESCRIPTION OF CERTAIN KEY STATEMENT OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year Ended December 31,	
	2018	**2019**
	(RMB in thousands)	
Revenue	2,826	70,879
Cost of sales	–	–
Gross profit	2,826	70,879
Other income and gains, net	27,045	50,186
Research and development expenses	(161,095)	(308,388)
Administrative expenses	(20,157)	(55,421)
Other expenses, net	(327)	(592)
Fair value changes on convertible redeemable preferred shares	–	(97,382)
Finance costs	(2,646)	(5,736)
Loss before tax	(154,354)	(346,454)
Income tax expense	–	–
Loss for the periods	**(154,354)**	**(346,454)**

Revenue

During the Track Record Period, our revenue primarily consisted of upfront and milestone payments in connection with our out-licensed products. In 2018 and 2019, we recorded revenue of RMB2.8 million and RMB70.9 million, respectively.

The following table sets forth the component of our revenue for the periods indicated:

	Year Ended December 31,			
	2018		2019	
	(RMB in thousands, except percentages)			
Revenue from licensing income	2,826	100.0%	70,879	100.0%
Total	**2,826**	**100.0%**	**70,879**	**100.0%**

Cost of Sales

Our cost of sales typically consists of raw material costs and testing expenses in association with licensing income. During the Track Record Period, we did not incur any cost of sales.

Other Income and Gains, Net

During the Track Record Period, our other income and gains, net primarily consisted of government grants, net income from lab testing service, bank and other interest income. The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, awards for new drug development and capital expenditure incurred on certain projects including construction of manufacturing facilities. In 2018 and 2019, we recorded other income and gains, net of RMB27.0 million and RMB50.2 million, respectively.

The following table sets forth the components of our other income and gains, net for the periods indicated:

	Year Ended December 31,			
	2018		2019	
	(RMB in thousands, except percentages)			
Government grant released	12,813	47.4%	36,972	73.7%
Net income from lab testing services	6,319	23.4%	8,098	16.1%
Bank and other interest income	5,624	20.8%	5,217	10.4%
Gain upon early-termination of a lease	2,254	8.3%	–	–
Others	35	0.1%	(101)	(0.2%)
Total	**27,045**	**100.0%**	**50,186**	**100.0%**

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) the costs of clinical trials for our drug candidates including third-party contracting costs with the engagement of CROs, clinical trial sites and other service providers in connection with clinical trials, (ii) costs associated with purchasing raw materials for research and development of our drug candidates, (iii) third-party contracting costs relating to testing expenses for pre-clinical programs, and (iv) employee salaries and related benefit costs in connection with our research and development activities. In 2018 and 2019, we recorded research and development expenses of RMB161.1 million and RMB308.4 million, respectively.

The following table sets forth the components of our research and development expenses for the periods indicated:

	Year Ended December 31,			
	2018		2019	
	(RMB in thousands, except percentages)			
Clinical trial costs	99,126	61.5%	196,443	63.7%
Raw material costs	6,729	4.2%	18,152	5.9%
Testing expenses	26,752	16.6%	30,850	10.0%
Salaries and benefits	17,481	10.9%	43,722	14.2%
Depreciation and amortization	8,066	5.0%	10,514	3.4%
Others[(1)]	2,941	1.8%	8,707	2.8%
Total	**161,095**	**100.0%**	**308,388**	**100.0%**

Note:

(1) Other research and development expenses include maintenance expenses, utility expenses, rental expenses and inspection expenses, among others.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee salaries and benefits (ii) depreciation and amortization expenses, (iii) office and travel expenses and (iv) professional fees for third party services. Other administrative expenses include office expenditures, listing expenses and other expenses in connection with administrative activities. In 2018 and 2019, we recorded administrative expenses of RMB20.2 million and RMB55.4 million, respectively.

The following table sets forth the components of our administrative expenses for the periods indicated:

	Year Ended December 31,			
	2018		2019	
	(RMB in thousands, except percentages)			
Salaries and benefits	7,743	38.4%	16,542	29.8%
Depreciation and amortization cost	4,424	22.0%	5,665	10.2%
Office and travel expenses	2,766	13.7%	4,819	8.7%
Professional fees	2,214	11.0%	9,456	17.1%
Rental and utilities cost	1,231	6.1%	2,038	3.7%
Listing expenses	–	–	12,982	23.4%
Others	1,779	8.8%	3,919	7.1%
Total	**20,157**	**100.0%**	**55,421**	**100.0%**

Other Expenses, Net

During the Track Record Period, our other expenses, net primarily consisted of net foreign exchange differences. For the years ended December 31, 2018 and 2019, we recorded other expenses, net of RMB0.3 million and RMB0.6 million, respectively.

Fair Value Changes on Convertible Redeemable Preferred Shares

Fair value changes on convertible redeemable preferred shares represent changes in fair value on the preferred shares issued by us. We designated the entire instrument of the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the fair value change of preferred shares is recognized in profit or loss except for the portion attributable to credit risk change which will be recognized to other comprehensive income, if any. The convertible redeemable preferred shares will be converted into Shares upon Listing, after which we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares. For the years ended December 31, 2018 and 2019, we recorded fair value changes on convertible redeemable preferred shares of nil and RMB97.4 million, respectively.

Finance Costs

During the Track Record Period, our finance costs consisted of finance cost on finance leases and interest expense on bank and other borrowings net of capitalized interest related to construction in progress. In 2018, we recorded finance costs of RMB2.6 million. In 2019, we incurred finance costs of RMB7.4 million net of capitalized interest related to construction in progress of RMB1.7 million.

The following table sets forth the components of our finance costs for the periods indicated:

	Year Ended December 31,			
	2018		2019	
	(RMB in thousands, except percentages)			
Finance cost on lease liabilities	734	27.7%	385	6.7%
Interest on bank and other borrowings	1,912	72.3%	5,351	93.3%
Total	**2,646**	**100.0%**	**5,736**	**100%**

Income Tax Expense

During the Track Record Period, we recorded no income tax expense. This is due to the fact that our costs and expenses were significantly higher than our taxable income for those periods.

Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Period to Period Comparison of Results of Operations

Year ended December 31, 2019 Compared to Year ended December 31, 2018

Revenue

Our revenue increased from RMB2.8 million for the year ended December 31, 2018 to RMB70.9 million for the year ended December 31, 2019. The increase was primarily due to the receipt of the upfront and milestone payments related to AK107 in 2019, which did not occur in 2018.

Cost of Sales

Our cost of sales for the years ended December 31, 2018 and 2019 were nil and nil, respectively.

Other Income and Gains, Net

Our other income and gains increased by RMB23.1 million, or 85.6%, from RMB27.0 million for the year ended December 31, 2018 to RMB50.2 million for the year ended December 31, 2019. This increase was primarily due to the accounting recognition of government grants mostly related to the development of our programs.

Research and Development Expenses

Our research and development expenses increased by RMB147.3 million, or 91.4%, from RMB161.1 million for the year ended December 31, 2018 to RMB308.4 million for the year ended December 31, 2019. This increase was primarily due to the clinical trial advancement of our drug candidates. As a result, our clinical trial costs increased by RMB97.3 million with the engagement of CROs, clinical trial sites and other service providers in connection with clinical trials. Raw material costs increased by RMB11.4 million due to our research and development of drug candidates. In addition, our employee salaries and benefits expenses in connection with our research and development activities increased by RMB26.2 million mainly because we increased the headcount of our research and development personnel to support our business growth.

Administrative Expenses

Our administrative expenses increased by RMB35.3 million, or 175.0%, from RMB20.2 million for the year ended December 31, 2018 to RMB55.4 million for the year ended December 31, 2019. This increase was primarily due to an increase of RMB13.0 million in listing expenses, RMB8.8 million in employee salaries and benefits in line with our business expansion and an increase of RMB7.2 million in professional fees for third party services.

Other Expenses, Net

Our other expenses, net remained stable from RMB0.3 million for the year ended December 31, 2018 to RMB0.6 million for the year ended December 31, 2019.

Fair Value Changes on Convertible Redeemable Preferred Shares

Our fair value changes on convertible redeemable preferred shares changed from nil in 2018 to a loss of RMB97.4 million for the year ended December 31, 2019, primarily due to the increase in our Company's valuation.

Finance Costs

Our finance costs increased by RMB3.1 million, or 116.8%, from RMB2.6 million for the year ended December 31, 2018 to RMB5.7 million for the year ended December 31, 2019. This increase was primarily attributable to an increase in interest accrued for our bank and other borrowings including interest expenses on the liability component of convertible redeemable preferred shares of RMB2.2 million in 2019, partially offset by a decrease in interest expenses on lease due to the change of accounting recognition in connection with a property we purchased in 2018.

Loss for the Period

For the reasons described above, our loss for the period increased by RMB192.1 million, or 124.5%, from RMB154.4 million for the year ended December 31, 2018 to RMB346.5 million for the year ended December 31, 2019.

TAXATION

Cayman Islands

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law, and has not been subject to any taxation in the Cayman Islands since its incorporation.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% during the Track Record Period. We have not earned or derived any taxable profit in Hong Kong since its incorporation, and as such have not been subject to Hong Kong profits tax.

PRC

Generally, our subsidiaries in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that Akeso Biopharma benefits from a preferential tax rate of 15% as it is qualified as a "High and New Technology Enterprise" in Guangdong Province. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. The related tax authorities in Guangdong Provision reviews the "High and New Technology Enterprise" status every three years. We expect Akeso Biopharma to continue to qualify as a "High and New Technology Enterprise" in Guangdong Province for the foreseeable future.

United States

Among our subsidiaries, Akeso US was subject to U.S. federal income tax at a rate of 21% and 21%, respectively, on the estimated assessable profits derived in the U.S. for the years ended December 31, 2018 and 2019. During the same period, Akeso US was subject to California income tax at a rate of 8.84% on the estimated assessable profits derived in the U.S.

Australia

During the Track Record Period, Akeso Australia was subject to Australia income tax at a rate of 30% on the estimated assessable profits derived in the Australia.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth certain selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2018	**2019**
	(RMB in thousands)	
Total current assets	457,517	1,255,964
Total non-current assets	194,201	416,975
Total assets	**651,718**	**1,672,939**
Total current liabilities	86,236	119,761
Total non-current liabilities	77,387	1,337,473
Total liabilities	**163,623**	**1,457,234**
Net assets	**488,095**	**215,705**
Share capital	–	34
Reserves	441,216	(6,387)
Non-controlling interests	46,879	222,058
Total equity	**488,095**	**215,705**

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of February 29,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Current assets			
Inventories	16,969	15,523	22,956
Prepayments, other receivables and other assets	26,620	51,362	54,129
Financial assets at fair value through profit or loss	100,115	772	420,802
Pledged deposits	97	2,263	2,257
Cash and cash equivalents	313,716	1,186,044	866,878
Total current assets	**457,517**	**1,255,964**	**1,367,022**
Current liabilities			
Trade payables	47,349	42,923	51,058
Other payables and accruals	10,167	34,459	36,036
Interest-bearing bank and other borrowings	25,460	38,095	38,669
Tax payable	1,728	1,425	1,425
Lease liabilities	1,532	2,859	2,721
Total current liabilities	**86,236**	**119,761**	**129,909**
Net current assets	**371,281**	**1,136,203**	**1,237,113**

Property, Plant and Equipment

Our property, plant and equipment consist of machinery and equipment, leasehold improvements, buildings, and construction in progress. Our property, plant and equipment increased by RMB76.7 million, or 55.8%, from RMB137.3 million as of December 31, 2018 to RMB214.0 million as of December 31, 2019. This increase was primarily due to an increase in machinery and equipment, and construction in progress, partially offset by depreciation in 2019.

Right-of-use Assets

Our right-of-use assets consist of our rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. Our right-of-use assets remained stable from December 31, 2018 to December 31, 2019 at RMB52.0 million and RMB52.4 million, respectively.

Intangible Assets

Our intangible assets consist of software related to our business operations. Our intangible assets increased by RMB0.3 million, or 153.8%, from RMB0.2 million as of December 31, 2018 to RMB0.5 million as of December 31, 2019. This increase was primarily due to purchase of software for office administration purposes.

Advance Payments for Property, Plant and Equipment

Our advance payments for property, plant and equipment consist of the purchase of office buildings, machinery and equipment. Our advance payments for property, plant and equipment increased by RMB46.2 million from RMB4.6 million as of December 31, 2018 to RMB50.8 million as of December 31, 2019. This increase was primarily due to purchase of machinery and equipment for the construction on the manufacturing facilities in Guangzhou in 2019.

Inventories

Our inventories consist of raw materials purchased for use in development activities and for the production of trial batches in the research and development stage of our drug candidates. Our inventories decreased by RMB1.4 million, or 8.5%, from RMB17.0 million as of December 31, 2018 to RMB15.5 million as of 2019. This decrease was primarily due to usage of more raw materials in our clinical trials in 2019.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of recoverable value-added tax, prepayments, and other receivables. For details, see Note 17 to the Accountants' Report set out in Appendix I.

Our prepayments, other receivables and other assets increased by RMB24.7 million, or 92.9%, from RMB26.6 million as of December 31, 2018 to RMB51.4 million as of December 31, 2019. This increase was primarily due to (i) an increase of RMB17.8 million in value-added tax recoverable, which primarily resulted from an increase in our procurement of property, plant and equipment and materials, and (ii) an increase of RMB6.2 million in prepayments.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist of financial products issued by banks that can be redeemed at any time. Our financial assets at fair value through profit or loss decreased by RMB99.3 million from RMB100.1 million as of December 31, 2018 to RMB0.8 million as of December 31, 2019. This decrease was primarily because certain bank-issued wealth management products matured and were redeemed by us in 2019.

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.

Pledged Deposits

Our pledged deposits consist of bank deposits pledged for short-term borrowings and deposits related to land use rights. Our pledged deposits increased by RMB2.2 million from RMB0.1 million as of December 31, 2018 to RMB2.3 million as of December 31, 2019. This increase was primarily because we paid deposits as security for the procurement of machinery and equipment as required by a supplier and for the execution of a land use rights contract with respect to a parcel of land located in Guangzhou in 2019.

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash in hand, deposits held at call with banks and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2018 and 2019, cash and cash equivalents amounted to RMB313.7 million and RMB1,186.0 million, respectively. Cash and cash equivalents exclude restricted cash. Our cash and cash equivalents are denominated primarily in Renminbi and U.S. Dollars, with smaller amounts denominated in Hong Kong Dollars and Australian Dollars. For an analysis on cash flows during the Track Record Period, see "– Liquidity and Capital Resources."

Trade Payables

Our trade payables arise from our purchase of raw materials and third-party contracting services. Our trade payables decreased by RMB4.4 million, or 9.3%, from RMB47.3 million as of December 31, 2018 to RMB42.9 million as of December 31, 2019. This decrease was primarily attributable to a decrease in service fees payable to our third party service providers in Australia and China. Our credit terms on trade payables were up to 75 days. We have not been delinquent in repayment of our trade payables.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,	
	2018	2019
	(RMB in thousands)	
Within 3 months	41,890	41,974
3 to 6 months	4,390	840
6 months to 1 year	1,064	109
Over 1 year	5	–
Total	**47,349**	**42,923**

Other Payables and Accruals

Our other payables and accruals consist of payroll payable, accruals, other tax payables, and other payables. Our other payables and accruals increased by RMB24.3 million, or 238.9%, from RMB10.2 million as of December 31, 2018 to RMB34.5 million as of December 31, 2019. This increase was primarily due to an increase of RMB9.6 million in payroll payable from RMB4.4 million as of December 31, 2018 to RMB14.0 million as of December 31, 2019 and an increase of RMB16.3 million in other payables, which comprises listing expenses payable, from RMB0.5 million as of December 31, 2018 to RMB16.8 million as of December 31, 2019.

Convertible Redeemable Preferred Shares at Fair Value Through Profit or Loss

Our convertible redeemable preferred shares at fair value through profit or loss represented the fair value of our Series D Preferred Shares. We recorded convertible redeemable preferred shares at fair value through profit or loss of RMB1,099.6 million as of December 31, 2019. For a discussion of our issuance of convertible redeemable preferred shares, please refer to the section headed "History, Development and Corporate Structure – Pre-IPO Investments." For further information regarding our convertible redeemable preferred shares at fair value through profit or loss, please see Note 24 to the Accountants' Report set out in Appendix I.

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings consist of bank overdrafts, bank loans, convertible loans and the liability component of convertible redeemable preferred shares.

The following table sets forth the breakdown of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,		As of February 29,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Bank loans and overdrafts repayable			
Within one year or on demand	15,915	38,095	38,669
In the second year	4,900	13,760	14,960
In the third to fifth years, inclusive	19,200	10,860	9,060
Beyond five years	9,000	7,000	6,500
	49,015	**69,715**	**69,189**
Other borrowings			
Within one year	9,545	–	–
In the second year	–	–	–
In the third to fifth years, inclusive	–	141,660	159,142
Beyond five years	–	–	–
	9,545	**141,660**	**159,142**
Total	**58,560**	**211,375**	**228,331**

The following table sets forth our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,						As of February 29,		
	2018			2019			2020		
	Effective Interest Rate	Maturity	RMB'000	Effective Interest Rate	Maturity	RMB'000	Effective Interest Rate	Maturity	RMB'000
	(%)			*(%)*			*(%)*		
								(unaudited)	
Current									
Bank overdrafts – unsecured	N/A	On demand	15	N/A	On demand	15	N/A	On demand	26
Bank loans – secured	4.79	2019	11,000	4.35-4.9	2020	33,000	4.35-4.9	2020	33,254
Current portion of convertible loans – unsecured	*note (1)*	*note (1)*	9,545	–	–	–	–	–	–
Current portion of long term bank loans – secured	5.23-5.39	2019	4,900	5.23-5.39	2020	5,080	5.23-5.39	2020	5,389
Total Current			25,460			38,095			38,669
Non-current									
Bank loans – secured	5.23-5.39	2020-2028	33,100	5.23-5.39	2021-2028	31,620	5.23-5.39	2021-2028	30,520
Convertible loans – secured	–	–	–	*note (2)*	*note (2)*	75,000	*note (2)*	*note (2)*	90,000
Liability component of convertible redeemable preferred shares	–	–	–	*note (3)*	*note (3)*	66,660	*note (3)*	*note (3)*	69,142
Total Non-current			33,100			173,280			189,662
Total			**58,560**			**211,375**			**228,331**

Notes:

(1) In December 2016, we borrowed a three-year term loan from Zhongshan Zhongying Industrial Investment Co., Ltd. ("**Zhongshan Zhongying**") amounted to RMB10.0 million. The loan was repaid in full on December 6, 2019.

(2) On July 23, 2019 and February 11, 2020, we borrowed a convertible loan amounted to RMB75.0 million and RMB15.0 million, respectively, from Guangzhou Hi-tech Investment. Guangzhou Hi-tech Investment is an Independent Third Party, which held 5% equity interest in Akeso Pharma as of the Latest Practicable Date. According to the loan agreement, the convertible loan bears interest at a rate of 6.5% per annum and is secured by the equity interest in Akeso Pharma held by our Group and the construction in progress of Akeso Pharma. The convertible loan is due on December 31, 2023. Under the loan agreement, Guangzhou Hi-tech Investment was granted an option to convert the unpaid principal and the related interest into ordinary shares of Akeso Pharma under certain conditions. The outstanding amount of the convertible loan was RMB90.0 million as of February 29, 2020. For details of the convertible loan, please see the paragraphs headed " – Indebtedness – Interest-Bearing Bank and Other Borrowings" in this prospectus.

(3) In November 2019, certain Series B Preferred Shares were re-designated and reclassified from ordinary Shares and split into the liability and equity components in accordance with the contract terms, which resulted in an increase in our total liabilities. As of December 31, 2019, we recognized liability component of convertible redeemable preferred shares of RMB66.7 million. For further information regarding our liability component of convertible redeemable preferred shares, please see Note 22 and Note 24 to the Accountants' Report set out in Appendix I. The following table sets forth our liability component of convertible redeemable preferred shares as of the dates indicated:

	As of December 31, 2019
	(RMB in thousands)
Fair value of certain Series B Preferred Shares reclassified from ordinary Shares	157,143
Equity component	(92,213)
Liability component	64,930
Interest expense (effective interest rate of 20.4%)	2,157
Currency translation differences	(427)
Liability component of convertible redeemable preferred shares	66,660

All of our outstanding interest-bearing bank and other borrowings were denominated in RMB, except for overdrafts and liability component of convertible redeemable preferred shares which are denominated in U.S. Dollars. We had RMB228.3 million of outstanding interest-bearing bank and other borrowings as of February 29, 2020. As of the Latest Practicable Date, we did not have any unutilized banking facilities. For more information, see "– Indebtedness."

Deferred Income

Our deferred income consists of deferred income on government grants, which mainly represent government grants from the local governments for the purpose of supporting our drug research and development activities, awards for new drugs development and capital expenditure.

Our deferred income increased by RMB20.8 million, or 52.9%, from RMB39.3 million as of December 31, 2018 to RMB60.1 million as of December 31, 2019. This increase was primarily due to grants received in the amount of RMB44.4 million, partially offset by amount released of RMB23.6 million in 2019.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,	
	2018	2019
Quick ratio[(1)]	5.1	10.4

Note:

(1) Quick ratio is calculated by dividing current assets less inventories as of a given date by current liabilities as of such date.

Our quick ratio increased from 5.1 as of December 31, 2018 to 10.4 as of December 31, 2019, primarily due to an increase in cash and cash equivalents as a result of capital injection from shareholders in 2019.

LIQUIDITY AND CAPITAL RESOURCES

As a development-stage biopharmaceutical company, we have incurred negative cash flows from our operations since our inception. During the Track Record Period, our primary uses of cash were to fund the development of our drug pipeline, our clinical trials, our procurement of services, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB123.4 million and RMB219.6 million for the years ended December 31, 2018 and 2019, respectively. During the Track Record Period, we primarily funded our working capital needs through capital injections from Shareholders and revenue from licensing income. Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate cash flow through launching and commercializing our products in the foreseeable future and our liquidity requirements will be mainly satisfied from a combination of cash generated from our operations, bank borrowings and proceeds from Global Offering. As of December 31, 2019, we had cash and cash equivalents of RMB1,186.0 million.

The following table provides information regarding our cash flows for the periods indicated:

	Year Ended December 31,	
	2018	2019
	(RMB in thousands)	
Cash flows from operating activities before movements in working capital	(159,140)	(268,337)
Changes in working capital	35,442	47,379
Bank interest received	393	1,666
Income tax paid	(112)	(303)
Net cash used in operating activities	(123,417)	(219,595)
Net cash used in investing activities	(26,365)	(127,894)
Net cash generated from financing activities	246,428	1,230,192
Net increase in cash and cash equivalents	96,646	882,703
Cash and cash equivalents at beginning of year	214,338	313,701
Effect of foreign exchange rate changes, net	2,717	(10,375)
Cash and cash equivalents at end of the period	313,701	1,186,029

Operating Activities

In 2019, our net cash used in operating activities was RMB219.6 million, which was primarily attributable to our net loss before tax of RMB346.5 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily include changes in fair value of convertible redeemable preferred shares of RMB97.4 million and depreciation of property, plant and equipment of RMB13.4 million; partially offset by government grants released of RMB37.0 million. The amount was then adjusted negatively by changes in working capital, primarily including increase in prepayments, other receivables and other assets of RMB24.5 million and decrease in trade payables of RMB4.4 million; partially offset by increase in deferred income of RMB50.6 million and increase in other payables and accruals of RMB24.3 million.

In 2018, our net cash used in operating activities was RMB123.4 million, which was primarily attributable to our net loss before tax of RMB154.4 million, adjusted for non-cash and non-operating items. Negative adjustments for non-cash and non-operating items primarily include government grants released of RMB12.8 million and bank and other interest income of RMB5.6 million. The amount was then adjusted positively by changes in working capital, primarily including increase in deferred income of RMB29.4 million and increase in trade payables of RMB16.5 million; partially offset by increase in inventories of RMB7.9 million and increase in prepayments, other receivables and other assets of RMB5.0 million.

Investing Activities

In 2019, our net cash used in investing activities was RMB127.9 million, primarily as a result of purchases of financial assets at fair value through profit or loss of RMB1,365.8 million and acquisition of property, plant and equipment of RMB136.3 million, partially offset by an increase in proceeds from disposal of financial assets at fair value through profit or loss of RMB1,465.0 million and receipt of government grants of RMB7.7 million.

In 2018, our net cash used in investing activities was RMB26.4 million, primarily as a result of purchases of financial assets at fair value through profit or loss of RMB735.0 million and acquisition of property, plant and equipment of RMB72.7 million, partially offset by an increase in proceeds from disposal of financial assets at fair value through profit or loss of RMB776.0 million and interest income from investments in financial products of RMB5.2 million.

Financing Activities

In 2019, our net cash generated from financing activities was RMB1,230.2 million, primarily as a result of (i) the proceeds from issue of Series D Preferred Shares of RMB888.5 million, (ii) capital injection from non-controlling shareholders of subsidiaries of RMB212.0 million, (iii) new bank and other borrowings of RMB111.6 million, and (iv) capital injection from shareholders of RMB50.0 million, partially offset by repayment of bank and other borrowings of RMB25.9 million.

In 2018, our net cash generated from financing activities was RMB246.4 million, primarily as a result of (i) the capital injection from shareholders of RMB150.0 million, (ii) capital injection from non-controlling shareholders of subsidiaries of RMB70.5 million and (iii) new bank and other borrowings of RMB41.0 million, partially offset by repayment of bank and other borrowings of RMB9.4 million, interest paid of RMB2.6 million and lease payment of RMB1.7 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated:

	Year Ended December 31,	
	2018	2019
	(RMB in thousands)	
Costs Relating to Research and Development of Our Core Product Candidates		
Clinical trial costs	92,895	149,627
Raw material costs	1,522	46,005
Testing expenses	8,393	6,411
Salaries and benefits	4,898	13,232
Others	1,584	8,193
Costs Relating to Research and Development of Our Other Product Candidates		
Clinical trial costs	12,303	32,948
Raw material costs	5,207	19,957
Testing expenses	18,359	24,439
Salaries and benefits	12,583	26,431
Others	1,357	8,707
Workforce Employment Cost[(1)]	4,954	28,751
Direct Production Cost[(2)]	–	–
Non-income Taxes, Royalties and Other Governmental Charges	–	–
Contingency Allowances	–	–
Product Marketing[(3)]	–	–

Notes:

(1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.

(2) We had not commenced product manufacturing as of the Latest Practicable Date.

(3) We has not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

Interest-Bearing Bank and Other Borrowings

As of February 29, 2020, the outstanding balance of our bank loans was RMB69.2 million, out of which RMB38.7 million will become due in one year. We primarily used the proceeds of our bank borrowings for the procurement of raw materials for our clinical trials, construction of our research and development and manufacturing facilities and purchase of plant, property and equipment.

In January 2017, we entered into a five-year revolving loan facility with Bank of China, which bears the relevant benchmark interest rate published by the PBOC. The loan facility is secured and grants us a line of credit up to RMB12.0 million. Draw-downs on the facility will be repaid according to a repayment schedule. As of February 29, 2020, the outstanding principal balance of this loan facility was RMB6.0 million and the unutilized loan facilities was RMB6.0 million.

In April 2018, we entered into a ten-year term loan facility with Industrial and Commercial Bank of China, which bears the relevant benchmark interest rate published by the PBOC. The loan facility is secured and grants us a line of credit up to RMB20.0 million. Draw-downs on the facility will be repaid according to a repayment schedule. As of February 29, 2020, the credit line under this loan facility has been fully drawn down and utilized. As of February 29, 2020, the outstanding principal balance of this loan facility was RMB16.5 million.

In April 2018, we entered into a three-year term loan facility with Industrial and Commercial Bank of China, which bears the relevant benchmark interest rate published by the PBOC. The loan facility is secured and grants us a line of credit up to RMB10.0 million. Draw-downs on the facility will be repaid according to a repayment schedule. As of February 29, 2020, the credit line under this loan facility has been fully drawn down and utilized. As of February 29, 2020, the outstanding principal balance of this loan facility was RMB9.5 million.

In July 2019 and February 2020, we borrowed a convertible loan from Guangzhou Hi-tech Investment amounted to RMB75.0 million and RMB15.0 million, respectively. Guangzhou Hi-tech Investment is an Independent Third Party, which held 5% equity interest in Akeso Pharma as of the Latest Practicable Date. The convertible loan bears an interest of 6.5% per annum and is secured by 95% of the equity interest in Akeso Pharma held by Akeso Biopharma and the construction in progress of Akeso Pharma. The convertible loan is due on December 31, 2023. Pursuant to the loan agreement, the loan amount can only be used for agreed purposes, including purchase of laboratory equipment, development of buildings and clinical trial development of our drug candidates. Pursuant to the loan agreement, Guangzhou Hi-tech Investment was granted an option to convert the outstanding principal and accrued and unpaid interests into ordinary shares of Akeso Pharma based on the then fair value of Akeso Pharma's market capitalization under certain conditions. Such conditions include (i) receipt of a written request from us prior to December 31, 2023 if we receive the NDA approval for AK104 before then, or (ii) if we have not received the NDA approval for AK104 prior to December 30, 2023. In addition, if the loan proceeds are not used for the agreed purpose under the loan agreement, Guangzhou Hi-tech Investment is entitled to convert the liquidated damages, which are not paid in cash by Akeso Pharma, into ordinary shares of Akeso Pharma. If we fail to make full repayment of outstanding principal and accrued interests, which have not been converted into equity interests in Akeso Pharma, by December 31, 2024, Guangzhou Hi-tech Investment may elect to convert the outstanding amount into ordinary shares of Akeso Biopharma based on the valuation used for the latest financing of Akeso Biopharma. As of February 29, 2020, the outstanding principal balance of this loan was RMB90.0 million. As of the Latest Practicable Date, there has been no conversion pursuant to the convertible loan.

Consent of the lenders under each of the loan facilities is required before we incur any additional indebtedness. Our Directors confirm that there was no delay or default in the repayment of borrowings during the Track Record Period. We had obtained waivers from the lenders of that facility by the Latest Practicable Date.

Lease Liabilities

IFRS 16 Leases have been early adopted in the preparation of the historical financial information throughout the Track Record Period. Under the new standard, right-of-use assets (the right to use the leased item) and lease liabilities are recognized. As of February 29, 2020, our lease liabilities amounted to RMB6.8 million. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of February 29,
	2018	2019	2020
	(RMB in thousands)		
Current portion	1,532	2,859	2,721
Non-current portion	4,955	4,481	4,067
Total	**6,487**	**7,340**	**6,788**

Our lease liabilities as of February 29, 2020 were from buildings and machinery lease contracts with lease terms of two to 10 years.

Save as disclosed in "– Discussion of Certain Selected Items from the Consolidated Balance Sheets – Interest-Bearing Bank and Other Borrowings," "– Indebtedness" and "– Contingent Liabilities," we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of February 29, 2020, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our indebtedness since February 29, 2020.

CONTINGENT LIABILITIES

Save as disclosed in "– Contractual Commitments," we did not have any material contingent liabilities as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account (i) the financial resources available to our Group, including cash and cash equivalents of RMB1,186.0 million as of December 31, 2019, available financing facilities and the estimated net proceeds from the Listing, (ii) the expected commercialization timetable of our late stage drug candidates, in particular AK104 and penpulimab (AK105), and (iii) our cash burn rate, we will have sufficient working capital to cover at least 125% of our working capital needs, including development, clinical trial and administrative expenses, for at least the next twelve months from the expected date of this prospectus.

CAPITAL EXPENDITURE

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment in order to enhance our development capabilities and expand our business operations, including the construction of our Guangzhou facility. Historically, we have funded our capital expenditures mainly through equity financing and borrowings.

The table below sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,	
	2018	**2019**
	(RMB in thousands)	
Purchase of items of property and equipment	72,698	136,273
Purchase of intangible assets	38	412
Prepayment of land use rights	–	99,263
Total	**72,736**	**235,948**

We expect to incur capital expenditures of approximately RMB570 million in 2020. The expected capital expenditures are primarily for purchase of equipment and the construction of our facilities in Guangzhou and Zhongshan, which we intend to fund with proceeds from the Pre-IPO Investments and bank borrowings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL COMMITMENTS

Capital Commitments

As of December 31, 2018 and 2019, we also had capital commitment contracted for but not yet provided of RMB8.1 million and RMB268.1 million, respectively, primarily in connection with acquisition of plant and machinery. The following table sets forth our capital commitment contracted for but not yet provided as of the dates indicated:

	As of December 31,	
	2018	2019
	(RMB in thousands)	
Contracted, but not provided for plant and machinery	8,125	268,134

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency Risk

We operate internationally and is exposed to foreign exchange risk arising from various currency exposures. We did not use any derivative contracts to hedge against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. We have entities operating in U.S. Dollars, Renminbi, and Australian Dollars. Our Group manages its foreign exchange risk by performing regular reviews of our net foreign exchange exposures and seeks to minimize these exposures whenever possible. For details, see Note 34 to the Accountants' Report set out in Appendix I.

Credit Risk

Credit risk refers to the risk of financial loss to our Group arising from default by our customers or counterparties to financial instruments as to contract obligations. According to our credit policy, each local entity in our Group is responsible for managing and analyzing the credit risk for each of its new customers before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For details, see Note 34 to the Accountants' Report set out in Appendix I.

Liquidity Risk

Cash flow forecasting is performed in the operating entities of our Group and aggregated by our treasury function. Our treasury function monitors rolling forecasts of our liquidity requirements to ensure that it has sufficient cash to meet operational needs. For details, see Note 34 to the Accountants' Report set out in Appendix I.

TRANSACTIONS WITH RELATED PARTIES

Other than compensation to our key personnel and guarantees provided by our directors to our Group with respect to certain revolving banking facilities, we did not have any material related-party transactions during the Track Record period. Details of our related-party transactions during the Track Record Period are set out in Note 31 to the Accountants' Report included in Appendix I to this prospectus.

Our Directors confirm that any related-party transactions during the Track Record Period would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

DIVIDENDS

We have never declared or paid regular cash dividends on our ordinary Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Companies Law a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the

ordinary course of business. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

We may need dividends and other distributions on equity from our subsidiaries to satisfy our liquidity requirements, including those incorporated in the PRC. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially adversely affect our PRC subsidiaries' ability to pay dividends and other distributions to us.

DISTRIBUTABLE RESERVES

As of December 31, 2019, we did not have any distributable reserves.

LISTING-RELATED EXPENSES INCURRED AND TO BE INCURRED

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB126.8 million. We recorded listing expenses of RMB13.0 million recognized in profit or loss for the year ended December 31, 2019. The rest of the expenses in connection with the Global Offering is expected to be RMB113.8 million, of which an estimated amount of RMB22.6 million is expected to be recognized as administrative expenses and the remaining amount of RMB91.1 million is expected to be recognized directly as a deduction from equity upon the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our parent as of December 31, 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 has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of our Company had the Global Offering been completed as of December 31, 2019 or at any future date.

	Audited consolidated net tangible liabilities of our parent as of December 31, 2019[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted consolidated net tangible assets per Share[(3)(4)]**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)*	*(HKD)*
Based on an Offer Price of HK$14.88 per Offer Share	(6,853)	2,032,910	2,026,057	2.65	2.92
Based on an Offer Price of HK$16.18 per Offer Share	(6,853)	2,213,712	2,206,859	2.89	3.18

Notes:

(1) The consolidated net tangible liabilities attributable to owner of our parent as of December 31, 2019 is arrived at after deducting intangible assets of RMB0.5 million from the audited net liabilities attributable to owners of our Company of RMB6.4 million as of December 31, 2019, set out in the Accountants' Report as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$14.88 per Share or HK$16.18 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners per Share is calculated based on 763,133,176 Shares in issue assuming the Global Offering has been completed on December 31, 2019.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.9084 to HK$1.00.

NO MATERIAL ADVERSE CHANGE

In March 2020, we entered into a one-year term loan facility with Bank of Communications, which bears an interest rate of 4.35% per annum and grants us a line of credit up to RMB42.5 million. The loan is secured by structured deposit. As of the date of this prospectus, the credit line under this loan facility has been fully drawn down and the outstanding principal balance of this loan facility was RMB42.5 million.

In March 2020, we borrowed a convertible loan from Guangzhou Hi-tech Investment amounted to RMB11.0 million. For details of the convertible loan, please see the paragraphs headed "Financial Information – Indebtedness – Interest-Bearing Bank and Other Borrowings" in this prospectus.

Our Directors confirm that, save as disclosed in the foregoing and in "Summary – Outbreak of Novel Coronavirus Disease 2019 (COVID-19)", there has been no material adverse change in our financial or trading position or prospects since December 31, 2019 and up to the date of this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDER

As of Latest Practicable Date, Dr. XIA is able to exercise approximately 43.6% voting rights in our Company through (i) XIA LLC and XIA Trust, (ii) the voting arrangement under acting-in-concert agreement and (iii) Aquae Hyperion Limited, and which will represent approximately 34.5% of our issued share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Accordingly, Dr. XIA, as our ultimate controlling shareholder, is deemed to control over 30% issued share capital of our Company. Therefore, she is considered as the Controlling Shareholder of our Company under the Listing Rules. For further details, see the sections headed "History, Development and Corporate Structure – Voting Arrangement" for acting-in-concert agreement and "History, Development and Corporate Structure – Restricted Share Unit Scheme" for the ESOP Trust.

Furthermore, Dr. XIA is one of our executive Directors and the chairwoman of the Board. For further background of Dr. XIA, see the section headed "Directors and Senior Management" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Dr. XIA confirms that as of the Latest Practicable Date, she 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.

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholder and their close associates after the Listing.

Management Independence

The Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Although Dr. XIA is an executive Director and also the Controlling Shareholder, our management and operational decisions are made by all our executive Directors and senior management, most of whom have served our Group for a long time and all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. See "Directors and Senior Management" for further details.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his personal interests. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. See "– Corporate Governance Measures" for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholder will retain a controlling interest in us after Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholder. We have access to third parties independently from and not connected to our Controlling Shareholder for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholder and her close associates.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholder. We can make financial decisions independently and our Controlling Shareholder do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholder or their respective associates. As of December 31, 2019 and as of the Latest Practicable Date, there were no loans, advances and balances due to and from Dr. XIA. Dr. XIA together with certain other Directors of the Company provided guarantee to certain subsidiaries of the Group in respect of banking facilities of RMB60.0 million as at December 31, 2019. RMB33.2 million was outstanding under the banking facilities as at December 31, 2019, (the "**Guaranteed Loan**"). Taking into account of the RMB1,186.0 million cash and cash equivalent as of December 31, 2019, we have sufficient cash at hand which is able to satisfy our working capital needs. In addition, our are capable of obtaining financing from independent external sources for our business operations, for example, we recently raised USD126 million from Series D Pre-IPO Investment. As such, we are of the view that the Guaranteed Loan will not affect our Group's financial independence. We have adopted a set of internal control procedures for cash receipts and payment and have independent access to third-party financing.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholder and their close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholder:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholder or any of her associates has a material interest, the Controlling Shareholder or her associate will not vote on the relevant resolutions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholder or any of her associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholder (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholder 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;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Somerley Capital Limited as our compliance adviser 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 Shareholder, and to protect our minority Shareholders' interests after the Listing.

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 prior to and immediately following the completion of the Global Offering:

Authorized share capital		Aggregate par value
		(US$)
5,000,000,000	Shares	50,000.00
Issued and to be issued, fully paid or credited as fully paid immediately upon completion of the Global Offering		
603,638,176	Shares in issue as at the date of this prospectus (assuming all preferred shares are converted into ordinary Shares on a 1:1 basis)	6,036.38176
159,495,000	Shares to be issued under the Global Offering	1,594.95
763,133,176	Total	7,631.33176

ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase shares as described in the section headed "A. Further Information about our Group – 4. Resolution of the Shareholders of the Company" in Appendix IV to this prospectus.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE INCENTIVE SCHEMES

We have adopted the Restricted Share Unit Scheme. The principal terms of the Restricted Share Unit Scheme are summarized in the paragraph headed "D. Share Incentive Schemes" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, please see the section headed "A. Further Information about our Group – 4. Resolution of the Shareholders of the Company" in Appendix IV to this prospectus.

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 a certain 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$163.00 million (approximately HK$1.27 billion) (calculated based on the conversion rate of US$1.00 to HK$7.8096) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$14.88, 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 85,545,000 Offer Shares, representing approximately (i) 53.63% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 10.87% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$15.53, 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 81,964,000 Offer Shares, representing approximately (i) 51.39% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 10.41% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$16.18, being the high-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 78,672,000 Offer Shares, representing approximately (i) 49.33% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 10.00% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than the five existing shareholders who are Cornerstone Investors as described below and Hudson Bay Master Fund LTD who are acquainted with the Company through their existing industry network, our Company became acquainted with each of the Cornerstone Investors through introduction by certain the Underwriters in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than 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 and will not count towards the public float of our Company under Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone

Investors will become a Substantial Shareholder of the Company, and the Cornerstone Investors will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

To the best knowledge of our Company, save for the Cornerstone Investors who are existing Shareholders of our Company or their close associates, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive, Controlling Shareholder, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the five Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below); (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Controlling Shareholder, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the extent that the Shares will be subscribed by a qualified domestic institutional investor (a "**QDII**") as the nominee of the relevant Cornerstone Investor, the relevant Cornerstone Investor will procure the QDII to comply with the terms of the QDII agreement entered into with the relevant Cornerstone Investor in order to ensure the Cornerstone Investor's compliance with its undertaking under the relevant cornerstone investment agreement.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

Five of the Cornerstone Investors, namely Lake Bleu Prime Healthcare Master Fund Limited, OrbiMed Funds (as defined below), CRF Investment Holdings Company Limited, AIHC Master Fund and Hankang Biotech Fund I, L.P., which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18.

The Offer Shares to be subscribed by the Cornerstone Investors 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 paragraph headed "Structure of the Global Offering – The Global Offering – (A) Hong Kong Public Offering – (3) Reallocation and Clawback" in this prospectus.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around April 29, 2020. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares on the Listing Date. If there is no over-allocation in the International Offering, delayed delivery will not take place. For details of the Over-allotment Option, please refer to the paragraph headed "Structure of the Global Offering – (C) Over-allotment Option" in this prospectus.

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK$14.88 (being the low-end of the Offer Price Range)

			Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Fidelity Investment (as defined below)	65.00	34,114,000	21.39%	18.60%	4.47%	4.33%
Lake Bleu Prime Healthcare Master Fund Limited	45.00	23,617,000	14.81%	12.88%	3.09%	3.00%
OrbiMed Funds (as defined below)	15.00	7,872,000	4.94%	4.29%	1.03%	1.00%
Boyu Capital Opportunities Master Fund	10.00	5,248,000	3.29%	2.86%	0.69%	0.67%
Hudson Bay Master Fund LTD	10.00	5,248,000	3.29%	2.86%	0.69%	0.67%
CRF Investment Holdings Company Limited	5.00	2,624,000	1.65%	1.43%	0.34%	0.33%
AIHC Master Fund	5.00	2,624,000	1.65%	1.43%	0.34%	0.33%
Hankang Biotech Fund I, L.P.	3.00	1,574,000	0.99%	0.86%	0.21%	0.20%
China Structural Reform Fund Corporation Limited	5.00	2,624,000	1.65%	1.43%	0.34%	0.33%
Total	**163.00**	**85,545,000**	**53.63%**	**46.64%**	**11.21%**	**10.87%**

Note:

to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$15.53 (being the mid-point of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Fidelity Investment (as defined below)	65.00	32,686,000	20.49%	17.82%	4.28%	4.15%
Lake Bleu Prime Healthcare Master Fund Limited	45.00	22,629,000	14.19%	12.34%	2.97%	2.88%
OrbiMed Funds (as defined below)	15.00	7,543,000	4.73%	4.11%	0.99%	0.96%
Boyu Capital Opportunities Master Fund	10.00	5,028,000	3.15%	2.74%	0.66%	0.64%
Hudson Bay Master Fund LTD	10.00	5,028,000	3.15%	2.74%	0.66%	0.64%
CRF Investment Holdings Company Limited	5.00	2,514,000	1.58%	1.37%	0.33%	0.32%
AIHC Master Fund	5.00	2,514,000	1.58%	1.37%	0.33%	0.32%
Hankang Biotech Fund I, L.P.	3.00	1,508,000	0.95%	0.82%	0.20%	0.19%
China Structural Reform Fund Corporation Limited	5.00	2,514,000	1.58%	1.37%	0.33%	0.32%
Total	**163.00**	**81,964,000**	**51.39%**	**44.69%**	**10.74%**	**10.41%**

Note:

to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$16.18 (being the high-end of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Fidelity Investment (as defined below)	65.00	31,373,000	19.67%	17.10%	4.11%	3.99%
Lake Bleu Prime Healthcare Master Fund Limited	45.00	21,720,000	13.62%	11.84%	2.85%	2.76%
OrbiMed Funds (as defined below)	15.00	7,240,000	4.54%	3.95%	0.95%	0.92%
Boyu Capital Opportunities Master Fund	10.00	4,826,000	3.03%	2.63%	0.63%	0.61%
Hudson Bay Master Fund LTD	10.00	4,826,000	3.03%	2.63%	0.63%	0.61%
CRF Investment Holdings Company Limited	5.00	2,413,000	1.51%	1.32%	0.32%	0.31%
AIHC Master Fund	5.00	2,413,000	1.51%	1.32%	0.32%	0.31%
Hankang Biotech Fund I, L.P.	3.00	1,448,000	0.91%	0.79%	0.19%	0.18%
China Structural Reform Fund Corporation Limited	5.00	2,413,000	1.51%	1.32%	0.32%	0.31%
Total	**163.00**	**78,672,000**	**49.33%**	**42.89%**	**10.31%**	**10.00%**

Note:

to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. Fidelity Investments

A sub-fund of Fidelity Investment Trust: Fidelity Series Emerging Markets Opportunities Fund, a sub-fund of Fidelity Central Investment Portfolios LLC: Fidelity Emerging Markets Equity Central Fund, a sub-fund of Fidelity Investment Trust: Fidelity Total Emerging Markets Fund, Fidelity Investment Trust: Fidelity Emerging Asia Fund, Fidelity Advisor Series VIII: Fidelity Advisor Emerging Asia Fund, Fidelity Investment Trust: Fidelity Pacific Basin Fund, Fidelity Select Portfolios: Pharmaceuticals Portfolio, Fidelity Investment Trust: Fidelity China Region Fund, Fidelity Investment Trust: Fidelity International Discovery Fund, Fidelity Investment Trust: Fidelity International Discovery K6 Fund, a sub-fund of Fidelity Investment Trust: Fidelity Worldwide Fund, a sub-fund of FIAM Group Trust for Employee Benefit Plans: FIAM Emerging Markets Opportunities Commingled Pool, Fidelity Group Trust for Employee Benefit Plans: Fidelity International Discovery Commingled Pool, a portfolio of Fidelity Emerging Markets Equity Multi-Asset Base Fund and a portfolio of Fidelity Emerging Markets Opportunities Institutional Trust are advised or sub-advised by a group of companies collectively known as Fidelity Investments.

2. Lake Bleu Prime Healthcare Master Fund Limited

Lake Bleu Capital (Hong Kong) Limited acts as the investment manager to Lake Bleu Prime Healthcare Master Fund Limited ("**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. Lake Bleu Capital (Hong Kong) Limited also manages LBC Sunshine Healthcare L.P., an existing Shareholder of our Company. As of the Latest Practicable Date, LBC Sunshine Healthcare L.P. held 10,830,829 Shares, representing 1.79% of our issued share capital. Please refer to the section headed "History, Development and Corporate Structure – Pre-IPO Investments – Information regarding the Pre-IPO Investors – LBC Sunshine Healthcare L.P." for further information on LBC Sunshine Healthcare L.P.

3. OrbiMed

OrbiMed Partners Master Fund Limited ("**OPM**"), The Biotech Growth Trust PLC ("**BIOG**"), OrbiMed Genesis Master Fund, L.P. ("**Genesis**"), OrbiMed New Horizons Master Fund, L.P. ("**ONH**") and Worldwide Healthcare Trust PLC ("**WWH**" and, collectively, 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$15,000,000 at the Offer Price.

OrbiMed Capital LLC is the investment advisor for OPM, BIOG, and WWH. BIOG and WWH are each closed-end funds incorporated in the United Kingdom. Genesis and ONH are each exempted limited partnerships incorporated under the laws of the Cayman Islands and pooled-investment funds with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

OPM is an existing Shareholder of our Company. As of the Latest Practicable Date, OPM held 4,332,331 Shares, representing 0.72% of our issued share capital.

4. Boyu Capital Opportunities Master Fund

Boyu Capital Opportunities Master Fund, an Exempted Company with limited liability incorporated under the laws of the Cayman Islands, is an investment fund managed by Boyu Capital Investment Management Co., Limited ("**Boyu Capital Investment**"). Boyu Capital Investment is a fund manager that focuses on investing in high quality business franchises with sustainable growth in the healthcare, consumer, technology, media and telecommunications, and financial sectors.

5. Hudson Bay Master Fund LTD

Hudson Bay Master Fund LTD is a company incorporated in Cayman Islands and an affiliated company of Hudson Bay Capital Management LP ("**HBC**"), a multi-billion dollar asset management firm operating in New York and London. With over 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis, and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices. HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. Our dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

6. CRF Investment Holdings Company

CRF Investment Holdings Company Limited is an existing Shareholder of our Company. As of the Latest Practicable Date, CRF Investment Holdings Company Limited held 10,505,904 Shares, representing 1.74% of our issued share capital. Please refer to the section headed "History, Development and Corporate Structure – Pre-IPO Investments – Information regarding the Pre-IPO Investors – CRF Investment Holdings Company Limited" for information on CRF Investment Holdings Company Limited.

7. AIHC Master Fund

AIHC Master Fund is established in Cayman Islands and is managed by AIHC Capital Management Limited (collectively "**AIHC**"), an asset management company licensed under the Securities and Futures Commission of Hong Kong. AIHC Capital Management Limited specializes in research and investment in global healthcare industries. AIHC Master Fund is an existing Shareholder of our Company. As of the Latest Practicable Date, AIHC Master Fund held 5,054,387 Shares, representing 0.84% of our issued share capital.

8. Hankang Biotech Fund I, L.P.

Hankang Biotech Fund I, L.P. is a venture capital fund focusing on biotech opportunities in China and Overseas. Hankang Biotech Fund I, L.P. focuses on the in-depth research in major diseases and unmet medical needs, conducting forward-looking research, and investing in start-ups with first-tier teams and technology platforms in advance to help them become leading companies through value-added services. Hankang Biotech Fund I, L.P. is managed by Hankang Healthcare LLC. Hankang Biotech Fund I, L.P. is an existing Shareholder of our Company. As of the Latest Practicable Date, Hankang Biotech Fund I, L.P. held 3,610,276 Shares, representing 0.60% of our issued share capital.

9. China Structural Reform Fund

China Structural Reform Fund Corporation Limited ("**China Structural Reform Fund**") is a company incorporated in the PRC held by several state-owned enterprises. It is mainly engaged in business including non-public raising funds, equity investment, project investment, capital management, investment consulting and enterprise management consulting. For the purpose of this cornerstone investment, China Structural Reform Fund has engaged ICBC Credit Suisse Asset Management Co., Ltd., an asset manager that is a QDII as approved by the relevant PRC authority to subscribe for and hold such offer shares on a discretionary basis on behalf of China Structural Reform Fund.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for 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, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Representatives (on behalf of the underwriters of the Global Offering);

(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) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

	Capacity at which the Shares are held	Number of Shares held as of the Latest Practicable Date[(1)(2)]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Number of Shares held immediately following completion of the Global Offering[(1)(2)]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Global Offering
Dr. XIA	Trustee and settlor of a discretionary trust[(3)]	59,771,042 (L)	9.90%	59,771,042 (L)	7.83%
	Interest in controlled corporation[(4)]	21,000,000 (L)	3.48%	21,000,000 (L)	2.75%
	Settlor of trust[(5)]	45,270,499 (L)	7.50%	45,270,499 (L)	5.98%
	Interest held through voting powers entrusted by other persons[(6)]	136,841,582 (L)	22.67%	136,841,582 (L)	17.89%
XIA LLC	Beneficial owner	21,000,000 (L)	3.48%	21,000,000 (L)	2.75%
Dr. LI Baiyong	Trustee and settlor of a discretionary trust[(7)]	43,738,554 (L)	7.25%	43,738,554 (L)	5.73%
	Interest in controlled corporation[(8)]	10,934,640 (L)	1.81%	10,934,640 (L)	1.43%
LI LLC	Beneficial owner	10,934,640 (L)	1.81%	10,934,640 (L)	1.43%
Dr. WANG Zhongmin Maxwell	Trustee and settlor of a discretionary trust[(9)]	15,746,442 (L)	2.61%	15,746,442 (L)	2.06%
	Interest in controlled corporation[(10)]	31,492,881 (L)	5.22%	31,492,881 (L)	4.13%
WANG LLC	Beneficial owner	31,492,881 (L)	5.22%	31,492,881 (L)	4.13%
Waterband Limited	Beneficial owner[(11)]	34,929,065 (L)	5.79%	34,929,065 (L)	4.58%
Woodband Limited	Interest in controlled corporation[(11)]	34,929,065 (L)	5.79%	34,929,065 (L)	4.58%
Cantrust (Fareast) Limited	Trustee of a discretionary trust[(11)]	34,929,065 (L)	5.79%	34,929,065 (L)	4.58%

	Capacity at which the Shares are held	Number of Shares held as of the Latest Practicable Date[1][2]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Number of Shares held immediately following completion of the Global Offering[1][2]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Global Offering
Aquae Hyperion Limited	Beneficial owner[5]	45,270,499 (L)	7.50%	45,270,499 (L)	5.93%
Zedra Trust Company (Cayman) Limited	Trustee[5]	45,270,499 (L)	7.50%	45,270,499 (L)	5.93%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Assuming all Preferred Shares are converted into ordinary Shares.

(3) Dr. XIA is the settlor and trustee of XIA Trust, with certain of her family members as beneficiaries. She is therefore deemed to be interested in the Shares held by XIA Trust under the SFO.

(4) XIA LLC is a company incorporated in the United States, with all of its voting shares held by Dr. XIA. Dr. XIA is deemed to be interested in the Shares held by XIA LLC.

(5) Aquae Hyperion Limited holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust. Dr. XIA acts as the settlor and enforcer and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited. Zedra Trust Company (Cayman) Limited is the trustee of the ESOP Trust, which indirectly holds Shares as trust property through Aquae Hyperion Limited, and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited.

(6) Dr. XIA, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Dr. ZHANG Peng together with their family trusts and holding vehicles entered into an acting-in-concert agreement, pursuant to which Dr. XIA is able to exercise voting rights entrusted from the other signing parties and is therefore deemed to be interested in an additional of 17.00% shareholding interest in our Company after completion of the Global Offering (assuming the Over-Allotment Option is not exercised). For further details, see the section headed "History, Development and Corporate Structure – Voting Arrangement" for acting-in-concert agreement.

(7) Dr. LI Baiyong is the settlor and trustee of LI Trust, with certain of his family members as beneficiaries. He is therefore deemed to be interested in the Shares held by LI Trust under the SFO.

(8) LI LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. LI Baiyong. Dr. LI Baiyong is deemed to be interested in the Shares held by LI LLC.

(9) Dr. WANG Zhongmin Maxwell is the settlor and trustee of WANG Trust, with certain of his family members as beneficiaries. He is therefore deemed to be interested in the Shares held by WANG Trust under the SFO.

(10) WANG LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. WANG Zhongmin Maxwell. Dr. WANG Zhongmin Maxwell is deemed to be interested in the Shares held by WANG LLC.

(11) Waterband Limited, directly holding Shares in our Company for Dr. ZHANG Peng's family trust, is wholly owned by Woodband Limited, which is in turn wholly owned by Cantrust (Fareast) Limited (the trustee of Dr. ZHANG Peng's family trust). The beneficiaries of Dr. ZHANG Peng's family trust are Dr. ZHANG Peng's family members. Cantrust (Fareast) Limited as the trustee is deemed to be interested in the Shares held by Waterband Limited.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-Allotment Option is not exercised and the options), have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BOARD OF DIRECTORS

Our Board consists of nine (9) Directors, comprising four (4) executive Directors, two (2) non-executive Directors and three (3) independent non-executive Directors. Our Board is responsible for the overall management and conduct of our business. For the residential address of each Director, please refer to the "Directors and Parties Involved in the Global Offering" section in this prospectus.

The table below sets out certain information regarding the members of the Board of Directors of our Company.

Name	Age	Date of appointment	Time of joining our Group	Current position in our Company	Primary responsibility
Dr. XIA Yu (夏瑜)	53	March 2012[(1)]	March 2012	Executive Director, Chairwoman, president and chief executive officer	Overall strategic planning, business and scientific direction and development, and management of the Group
Dr. LI Baiyong (李百勇)	51	March 2012[(1)]	March 2012	Executive Director, senior vice president and chief scientific officer	Leading scientific direction, drug discovery and development, and participating in overall strategic planning and business direction
Dr. WANG Zhongmin Maxwell (王忠民)	51	March 2012[(1)]	March 2012	Executive Director and senior vice president	In charge of clinical operations, sourcing and legal affairs
Mr. XIA Yu (Ph.D.) (夏羽)	49	August 2018[(1)]	May 2017	Executive Director and senior vice president	In charge of manufacturing, quality and regulatory affairs
Mr. LIN Lijun (林利軍)	46	November 2019	November 2019	Non-executive Director	Providing advice on business development of the Group
Dr. ZHOU Yi (周伊)	39	July 2015[(1)]	July 2015	Non-executive Director	Providing advice on business development of the Group
Dr. ZENG Junwen (曾駿文)	58	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgement to our Board
Dr. XU Yan (徐岩)	56	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgement to our Board

Name	Age	Date of appointment	Time of joining our Group	Current position in our Company	Primary responsibility
Mr. TAN Bo	46	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgement to our Board

Note:

(1) the date of appointment indicates the date of first appointment as director at our principal subsidiary Akeso Biopharma.

Executive Directors

Dr. XIA Yu (夏瑜), the key founder of our Group, aged 53, has been the chairwoman, president and CEO of our Group since its inception on March 19, 2012, and she was re-designated as the executive Director and appointed as chairwoman, president and CEO of our Company on November 16, 2019. In these roles, Dr. XIA has been mainly responsible for the overall strategic and operational management of the Company. Dr. XIA also holds the following positions with the other members of our Group and has been primarily responsible for these companies' decision-making:

- director, president, CEO and chairwoman of Akeso Biopharma (since March 2012);
- director of Akeso Tiancheng (since May 2016);
- director, general manager (since August 2017) and chairwoman (since November 2018) of Akeso Pharma;
- director and general manager of AD Pharma (since February 2017);
- director and general manager of Akeso R&D Institute (since July 2016);
- executive director and general manager of AD Pharma Guangzhou (since March 2018);
- chairwoman and general manager of Zhong Kang Tai He (since September 2018); and
- general manager of CTTQ-Akeso (since August 2019).

Dr. XIA has over 26 years of experience in the pharmaceutical industry and academic research. Prior to founding our Group, Dr. XIA held senior leadership roles (including senior vice president) from April 2008 to March 2012 at Crown Bioscience Inc., where she played a decisive role in constructing Crown Bioscience's platform, building its team, setting and implementing its strategies, and forging its joint venture with Pfizer (the Pfizer-Crown Asian

Cancer Research Centre). From July 2006 to March 2008, Dr. XIA served as a senior scientist and group leader at PDL BioPharma, Inc. (later acquired by AbbVie). From January 2006 to June 2006, Dr. XIA served as a senior process development scientist at Bayer Corporation in the U.S.. At both PDL BioPharma and Bayer, Dr. Xia oversaw CMC, process development and manufacturing of therapeutic protein and antibody drugs. Dr. XIA began her pharmaceutical career at Axys Pharmaceuticals, Inc. (later acquired by Celera Genomics), where she held both scientific and managerial roles in drug discovery programs from December 2000 to December 2005, overseeing a broad range of activities from target validation through IND-enabling studies.

Dr. XIA received her B.S. degree in biochemistry from Sun Yat-Sen University in the PRC in 1988. She earned her Ph.D. degree in molecular biology and microbiology from Newcastle University in the U.K. in 1994. Dr. XIA completed her postdoctoral research training at the University of Glasgow in the U.K. from 1993 to 1996, and she also conducted cancer immune therapy research at the University of Louisville School of Medicine in the U.S from 1996 to 2000. Dr. XIA has published numerous articles in peer-reviewed journals. Dr. XIA is also the grantee of 16 issued patents and pending patent applications.

Over the years, Dr. XIA has served important roles in numerous influential organizations, including a member of the Special Committee for Monoclonal Antibody of the China Medicinal Biotech Association, a committee member of the Special Committee for Science and Technology Innovation of China Overseas Returnee Entrepreneur Investment Association, an advisory committee member of the Chinese Antibody Society, and a director of Tongxieyi Antibody Talent Club. Dr. XIA has also received numerous awards and recognitions for her contributions to both the pharmaceutical industry and commercial enterprises, such as "The Seventh National Overseas Returnee Contributions Award" in June 2018, and the Innovative and Entrepreneurial Talent awarded by the Ministry of Science and Technology of the PRC in March 2014. In July 2015, Dr. XIA and her team were awarded the "Top Chinese Overseas Returnee Star-up Company" by the Overseas Chinese Affairs Office of the State Council, and Dr. XIA was also recognized for her role as the team leader of selected innovation and entrepreneurial team winners of the Pearl River Talents Scheme of Guangdong Province in April 2018.

Mr. XIA Yu (Ph.D.) (夏羽) is the brother of Dr. XIA (夏瑜).

Dr. LI Baiyong (李百勇), a co-founder of our Group, aged 51, has been vice president and chief scientific officer of our Group since its inception in March 2012 and he was re-designated as an executive Director and was appointed as the senior vice president and chief scientific officer of our Company on November 16, 2019. Dr. Li has been mainly responsible for leading scientific direction, drug discovery and development, and participating in overall strategic planning and business direction. Dr. Li has over 20 years of experience in the therapeutics biologics industry. Dr. Li also holds the following positions with other members of our Group:

- director (since March 2012), vice president and the chief scientific officer (since April 2012) of Akeso Biopharma;

- director, the vice president and the chief scientific officer of AD Pharma (since February 2017);

- director and deputy general manager of Akeso Pharma (since November 2018); and

- director of Zhong Kang Tai He (since September 2018).

Prior to the establishment of our Group, Dr. Li worked at Pfizer Inc in the US from 1999 to late 2011, where he led drug discovery work on a series of cancer immune therapy new drug projects. His last position at Pfizer was associate director, focusing on oncology research and leading a series of key innovative immuno-oncology therapy projects.

Prior to joining Pfizer, Dr. Li was a post-doctoral research fellow with Dr. Richard Flavell, a world-renowned immunologist, the department head of the Immunology department at Yale University and a member of the US National Academy of Science, with the focus of his studies in the field of T cell immunology.

Dr. Li obtained his bachelor's degree in biochemistry from Nankai University (南開大學) in the PRC, in 1991. He subsequently obtained his Ph.D. degree in molecular and cell biology from the Pennsylvania State University in the U.S. in 1996.

Dr. Li was recognized as a Level 5 talent of the Shortage of High Level Talents of Zhongshan (中山市第五層次緊缺適用高層次人才) in December 2014, and was selected in the Pearl River Talents Scheme (珠江人才計劃) in April 2017. In May 2019, Dr. Li was an awardee in the Zhongshan Top Talents Programme (中山市拔尖人才).

Dr. WANG Zhongmin Maxwell (王忠民), a co-founder of our Group, aged 51, has been vice president of our Group since its inception in March 2012 and he was re-designated as an executive Director and was appointed as the senior vice president of our Company on November 16, 2019. Dr. Wang has been mainly responsible for clinical operations, sourcing and legal affairs. Dr. Wang has served as a director of Akeso Biopharma since March 2012, a vice president of AD Pharma since February 2017, and a director of Akeso Pharma since November 2018.

Prior to the establishment of our Group, Dr. Wang had extensive experience for over 20 years in the therapeutics biologics industry. He served as the senior research scientist from June 2002 and as a consultant starting from January 2006 at New Century Pharmaceuticals Inc. in the U.S., and was responsible for advising on structure determination and modelling of drug targets. Dr. Wang joined Trimeris Inc. as a senior consultant in February 2006 and later, he also served an executive consultant at Ardea Biosciences Inc. from February 2007 to October 2008, mainly responsible for structure based drug development with Kinases. After returning to China, he joined Crown Bioscience Inc. (中美冠科生物技術有限公司) in January 2009 as

senior director, and was responsible for the management of the structural biology group and for the business development of protein science department. From January 2011 to May 2012, Dr. Wang served as the deputy general manager of Taicang CrownBio Analytical and Testing Company Limited (中美冠科生物技術(太倉)有限公司).

Dr. Wang obtained his bachelor's degree in physics from University of Science and Technology of China (中國科學技術大學), China in July 1991. He subsequently pursued his master's degree in physics at Northeastern University in the U.S. Dr. Wang obtained his Ph. D. degree in structural & computational biology and molecular biophysics from Baylor College of Medicine in the U.S., in May 1998. He had published eight scientific papers in international peer-reviewed journals and is the inventor of five patents during his stay in the U.S.

Dr. Wang was recipient of the Pearl River Talents Scheme (珠江人才計劃) in April 2017. He has also been recognized as a Level 3 talent of Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in December 2017. In May 2019, Dr. Wang was an awardee in the Zhongshan Top Talents Program (中山市拔尖人才).

Mr. XIA Yu (Ph.D.) (夏羽), aged 49, has been a Director since November 1, 2019. Mr. Xia (Ph.D.) was re-designated as an executive Director and was appointed as the senior vice president of our Company on November 16, 2019, and is mainly responsible for manufacturing, quality and regulatory affairs. Mr. Xia (Ph.D.) joined our Group in May 2017 where he served as the vice president, and the head of the quality department of both Akeso Biopharma and AD Pharma. He has also served as the deputy general manager and the head of the production team of Akeso Pharma since November 2018.

Prior to joining our Group, Mr. Xia (Ph.D.) primarily focused on the pharmaceutical and biopharmaceutical sector in Canada and U.S. Mr. Xia (Ph.D.) joined Cardiome Pharma Corp. in October 2005 as a manager and led its analytical development department, where he focused specifically in the development of drug substances and drug products, regulatory submissions and regulatory inspections. Since March 2011, Mr. Xia (Ph.D.) joined APOTEX Inc. as the associate director until December 2013, where he led the product development department. He was responsible for drug product development and worldwide drug marketing applications. From January 2014 to August 2016, Mr. Xia (Ph.D.) served as the global quality director at Albany Molecular Research Inc. and was responsible for its product development and quality system across multiple sites, as well as the handling of regulatory inspections from the FDA.

Mr. Xia (Ph.D.) obtained his bachelor's degree in applied chemistry from Peking University (北京大學) in July 1992, he subsequently obtained a Ph.D. degree in chemistry from the University of Wales in the United Kingdom, in January 2001.

Mr. Xia (Ph.D.) has published and contributed to four scientific publications. Mr. Xia (Ph.D.) is an awardee of the Pearl River Talents Scheme (珠江人才計劃) in April 2017, and has been recognized as a Level 3 talent of the Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in December 2017.

Dr. XIA (夏瑜) is the sister of Mr. XIA Yu (Ph.D.) (夏羽).

Non-executive Directors

Mr. LIN Lijun (林利軍), aged 46, has been a Director of our Company since November 1, 2019. Mr. Lin was re-designated as a non-executive Director on November 16, 2019.

From August 1997 to July 2001, Mr. Lin served as an assistant to the director of the office and listing department of the Shanghai Stock Exchange. From May 2004 to April 2015, Mr. Lin served as the chief executive officer of China Universal Asset Management Co., Ltd. From June 2014 to June 2017, Mr. Lin served as a director of Shanghai Chengtou Holding Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600649). From November 2015 to March 2019, Mr. Lin served as a director of Yunfeng Financial Group Limited, a company listed on the Stock Exchange (stock code: 00376). From March 2016 to June 2019, Mr. Lin served as a director of TANSH Global Food Group, a company listed on the Hong Kong Stock Exchange (stock code: 03666). Since September 2015, Mr. Lin has served as a partner at Loyal Valley Capital. Mr. Lin has served as an independent director of Yintech Investment Holdings Limited, a company listed on the NASDAQ Global Market (stock code: YIN), since April 2016, an independent director of Shanghai Xinhua Media Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600825), since August 2017, a director of Wenzhou Kangning Hospital Co., Ltd., a company listed on the Stock Exchange (stock code: 02120), since June 2017, a non-executive director of Shanghai Junshi Biosciences Co., Ltd., a company listed on Stock Exchange (stock code:1877), since June 2018 and a non-executive director of InnoCare Pharma Limited, a company which has filed listing application with the Stock Exchange, since November 2018.

Mr. Lin obtained a fund qualification certificate from the Asset Management Association of China in June 2017. Mr. Lin received a master's degree in economics from Fudan University in June 1997 and a master's degree in business administration from Harvard University in June 2003.

Dr. ZHOU Yi (周伊), aged 39, has been a Director since November 1, 2019. Dr. Zhou was re-designated as a non-executive Director on November 16, 2019. Dr. Zhou joined our Group as a director of Akeso Biopharma since July 2015 until November 2019.

Dr. Zhou was an analyst in pharmaceutical industry at Shenzhen Capital Group Co., Ltd from May 2012 to September 2017. Since October 2017, Dr. Zhou has served as the general manager of health industry fund in Shenzhen Capital Group Co., Ltd.

Dr. Zhou obtained a bachelor's degree in chemistry from Hengyang Normal University in June 2006, a master's degree in organic chemistry from Hunan Normal University in June 2007, and further received a Ph.D. degree in medicinal chemistry from Peking University in July 2011.

Independent Non-executive Directors

Dr. ZENG Junwen (曾駿文), aged 58, an independent non-executive Director, is responsible for supervising and providing independent advice and judgment to our Board.

Dr. Zeng has over 20 years' experience in ophthalmic industry. From September 1984 to June 1986, Dr. Zeng was a resident physician at the Zhongshan Ophthalmic Center (the "**Zhongshan Ophthalmic Center**") of the Sun Yat-sen University (中山大學). He was appointed as adjunct assistant professor of ophthalmology and visual sciences at the University of Louisville between July 1998 and June 2001. Dr. Zeng returned to Zhongshan Ophthalmic Center in March 1998 as the director of technology development and the assistant to the head of Zhongshan Ophthalmic Center, then served as the deputy head and deputy supervisor of Zhongshan Ophthalmic Center from January 1999 until February 2002. From March 2002 to February 2012, he was the head of the optometry center at the same institution. From February 2012 to November 2017, Dr. Zeng also served as the head of ophthalmology department and optometry department of the Zhongshan Ophthalmic Center. Since November 2017, Dr. Zeng has been working as the head of refractive department of the Zhongshan Ophthalmic Center.

Dr. Zeng obtained his bachelor's degree in clinicial medicine in August 1984 from Sun Yat-sen University School of Medicine. He received his Ph.D. degree in Biochemistry in May 1993 from Meharry Medical College in Nashville, the U.S. Dr. Zeng is currently licensed to practice medicine in the PRC. Dr. Zeng has served as an independent director of Doctorglass Chain Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300622), since January 2018.

Dr. XU Yan (徐岩), aged 56, an independent non-executive Director, is responsible for providing independent advice and judgment to our Board. Dr. Xu's experience prior to joining our group is set forth below.

Between 1987 and 1992, Dr. Xu worked as a lecturer at the Department of Management in the Beijing University of Post and Telecommunications. From September 1997 to June 2004, he first worked as a visiting assistant professor, and beginning in September 1999, as an assistant professor of information and systems management in the Department of Information and Systems Management at the Hong Kong University of Science and Technology ("HKUST"). Dr. Xu served as an associate professor from July 2004, and from July 2019 onwards served as a professor in the Department of Information Systems, Business Statistics and Operations Management, School of Business and Management of HKUST. Since 2011, he has also served as the associate dean of the EMBA Program for Chinese executives, executive education and China strategy in the School of Business and Management at HKUST.

Dr. Xu obtained his bachelor's degree in radio communications engineering and master's degree in communications and electronic system from the Beijing University of Post and Telecommunications, PRC in July 1984 and July 1987 respectively. He further received his Ph.D. degree in telecommunications policy from University of Strathclyde, UK in July 1997.

Dr. Xu has served as the independent non-executive director of China Display Optoelectronics Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 00334), since June 2015.

Mr. TAN Bo, aged 46, is an independent non-executive Director with effect from the Listing Date. He is responsible for supervising and providing independent advice and judgment to our Board.

Mr. Tan has extensive experience within the financial and pharmaceutical industries, and has worked in private equity, equity research and commercial sectors. He worked as a senior analyst at Macquarie Securities Asia in Hong Kong from October 2004 to February 2006. From March 2006 to March 2007, he served as a vice president in the equity research division of Lehman Brothers Asia Limited. From April 2007 to September 2008, he served as an executive director and a member of the investment committee of Bohai Industrial Investment Fund Management Company, a private equity fund in China. From 2009 to December 2019, Mr. Tan worked at 3SBio Inc., a company listed on the Stock Exchange (stock code: 1530), and served as its vice president, chief financial officer, and executive director.

Mr. Tan has served as an independent non-executive director of Globe Metals & Mining (a company listed on the Australian Securities Exchange with security code GBE) since October 9, 2013.

Mr. Tan obtained a bachelor's degree in economics from Renmin University of China in July 1994, a master's degree in economics from the University of Connecticut in December 1996 and a master of International Management from American Graduate School of International Management in August 1998.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company.

Name	Age	Date of appointment[1]	Time of joining our Group	Current position in our Company	Primary responsibility
Dr. XIA Yu (夏瑜)	53	March 2012	March 2012	Executive Director, Chairwoman, president and chief executive officer	Overall strategic planning, business and scientific direction and development, and management of the Group
Dr. LI Baiyong (李百勇)	51	March 2012	March 2012	Executive Director, senior vice president and chief scientific officer	Leading scientific direction, drug discovery and development, and participating in overall strategic planning and business direction
Dr. WANG Zhongmin Maxwell (王忠民)	51	March 2012	March 2012	Executive Director and senior vice president	In charge of clinical operations, sourcing and legal affairs
Mr. XIA Yu (Ph.D.) (夏羽)	49	May 2017	May 2017	Executive Director and senior vice president	In charge of manufacturing, quality and regulatory affairs
Mr. XI Xiaojie (席曉捷)	44	November 2018	November 2018	Chief financial officer and joint company secretary	Overseeing the overall financial management, financial matters and strategic development of the Group
Dr. ZHANG Peng (張鵬)	43	April 2012	March 2012	Vice president	In charge of corporate operations and government affairs
Dr. JIN Xiaoping (金小平)	43	May 2017	May 2017	Vice president	In charge of clinical science and development

Note:

(1) the date of appointment indicates the date of first appointment as senior management at our principal subsidiary Akeso Biopharma.

Dr. XIA Yu (夏瑜) is the president and chief executive officer of our Company. Please refer to "– Directors – Executive Directors" for her biographical details.

Dr. LI Baiyong (李百勇), is the senior vice president and chief scientific officer of our Company. Please refer to "– Directors – Executive Directors" for his biographical details.

Dr. WANG Zhongmin Maxwell (王忠民), is the senior vice president of our Company. Please refer to "– Directors – Executive Directors" for his biographical details.

Mr. XIA Yu (Ph.D.) (夏羽), the senior vice president of our Company. Please refer to "–Directors – Executive Directors" for his biographical details.

Mr. XI Xiaojie (席曉捷), aged 44, is the chief financial officer of our Company and one of our joint company secretaries. Mr. Xi has also been the chief financial officer of Akeso Biopharma since November, 2018. Mr. Xi is primarily responsible for overseeing the overall financial management, financial matters and strategic development of the Group. Mr. Xi brings over 15 years of financial industry experience in the U.S. and China, including investment banking and private equity investment with many public and private companies.

Prior to joining us, he was a director at SIN Capital (HK) Limited, focusing on investments in healthcare industry in China, and was an investment banker at Credit Suisse, Morgan Stanley and CLSA securities executing high profile transactions, including IPOs, debt and equity financings and M&As for leading companies in China.

Mr. Xi earned his M.B.A degree with distinction from New York University, Stern School of Business in 2008. He obtained his Master of Science degree from Rutgers, The State University of New Jersey in 2002, with major in biochemistry and computer science, and his bachelor's degree in biochemistry from Wuhan University in 1997.

Dr. ZHANG Peng (張鵬), a co-founder of our Group, aged 43, has been vice president of our Group since April 2012 and he was appointed as the vice president of our Company on November 16, 2019. Dr. Zhang is mainly responsible for corporate operations and government affairs of the Group. Dr. Zhang has served as a vice president of Akeso Biopharma since early 2012. He has been appointed as a director of AD Pharma since February 2017, and a director of Akeso Pharma since November 2018. Dr. Zhang has approximately 18 years of experiences in the therapeutic biologics industry.

Prior to commencing his career in our Group, Dr. Zhang served as as a teaching assistant in the Chemistry department of the University of Louisville in the U.S. from August 2001 to July 2002. From August 2002 to February 2007, he served as a teaching assistant in the Chemistry department of the University of Kentucky. Dr. Zhang served as a scientist in PDL BioPharma, Inc, from February 2007 to May 2008 and then as a senior director of the protein chemical department of Crown Bioscience Inc. from September 2008 to April 2012. In

addition, since June 2010, he also served as the senior director and deputy general manager of Taicang CrownBio Anaylsis and Testing Company, Limited (中美冠科生物技術(太倉)有限公司), where he was primarily responsible for general management, business development and project management.

Dr. Zhang obtained his bachelor's degree in chemistry and master's degree in analytical chemistry from the University of Shandong (山東大學) in the PRC in July 1998 and June 2001 respectively. Dr. Zhang subsequently obtained his Ph.D in chemistry from the University of Kentucky in the U.S. in May 2007. He has also published a scientific paper in the Chinese Medicinal Biotechnology Journal.

Dr. Zhang has been recognized as a Level 6 talent of the Shortage of High Level Talents of Zhongshan (中山市第六層次緊缺適用高層次人才) in December 2014, and was selected in the Pearl River Talents Scheme (珠江人才計劃) in April 2018. Dr. Zhang also became the first director of the Zhongshan New Social Status Class Association (中山新社會階層人士聯合會) in July 2018.

Dr. JIN Xiaoping (金小平), aged 43, was appointed as the vice president of our Group on November 16, 2019. Dr. Jin is mainly responsible for clinical science and development. Dr. Jin joined our Group in May 2017 and has served as the vice president and head of clinical development of Akeso Biopharma and AD Pharma since then.

Prior to joining our Group, Dr. Jin first served as the biostatistician of a pharmaceutical company Daiichi Sankyo Inc. (第一三共株式會社) and participated in the clinical studies of new oncological medicine indications from July 2005 to June 2014. He then served as the scientific director of pharmaceutical company AstraZeneca Plc from June 2014 to April 2017, and was responsible for setting clinical study strategies to identify indications, designing clinical study plans, managing clinical studies, analysing relevant data and drafting clinical study reports.

Dr. Jin obtained his bachelor's degree in chemistry from the University of Nanjing (南京大學) in the PRC, in July 1997. He subsequently obtained his master's degree in statistics from the Washington State University in the U.S. in August 2001. He further obtained his Ph.D. degree in biostatistics from the University of Minnesota in the U.S., in June 2005. He has published 16 scientific papers in international peer-reviewed journals. Dr. Jin is selected in the Pearl River Talents Scheme (珠江人才計劃) in April 2018.

Save as disclosed herein, no Directors or members of our senior management held any directorship positions in any listed companies in Hong Kong and overseas within the three years immediately preceding the date of this prospectus. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, there was no other matter with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. XI Xiaojie (席曉捷), aged 44, was appointed as a joint company secretary of our Company on November 16, 2019. Mr. Xi is also a member of senior management of our Company. Please refer to "– Senior Management" for his biographical details.

Ms. CHAN Pung Fei (陳芃霏), aged 29, was appointed as a joint company secretary of our Company on November 16, 2019. Ms. Chan is a manager of corporate services of Vistra Corporate Services (HK) Limited, a corporate services provider. She has over six years of experience in providing full range of company secretarial and compliance services.

Ms. Chan has been an associate member of the Hong Kong Institute of Chartered Secretaries since December 2016 and an associate member of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom since December 2016. She has also been a full member of The Society of Trust and Estate Practitioners since May 2018 and a professional member of International Compliance Association since September 2018.

Ms. Chan obtained her bachelor's degree in business administration in accountancy from the Hong Kong Polytechnic University in 2012.

BOARD COMMITTEES

We have established the following committees in our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee (with effect from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code. The audit committee consists of three independent non-executive Directors, being Mr. TAN Bo, Dr. ZENG Junwen, Dr. XU Yan. The chairman of the audit committee is Mr. TAN Bo. Mr. TAN Bo holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a remuneration committee (with effect from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee consists of two independent non-executive Directors being Dr. ZENG Junwen and Dr. XU Yan, and one executive Director being Dr. XIA. The remuneration committee is chaired by Dr. ZENG Junwen. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

Our Company has established a nomination committee (with effect from the Listing Date) with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee consists of one executive Director, being Dr. XIA, and two independent non-executive Directors being Dr. ZENG Junwen and Dr. XU Yan. The chairwoman of the Nomination Committee is Dr. XIA. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. To accomplish this, save as set out below, our Company intends to comply with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules after Listing.

Under paragraph A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisation structure of our Company, Dr. XIA is our chairwoman and chief executive officer. With her extensive experience in the industry, our Board believes that vesting the roles of both chairwoman and chief executive officer in the same person provides our Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of our Group. Although Dr. XIA performs both the roles of chairwoman and chief executive officer, the division of responsibilities between the chairwoman and chief executive officer is clearly established. In general, the chairman is responsible for supervising the functions and performance of our Board, while the chief executive officer is responsible for the management of the business of our Group. The two roles are performed by Dr. XIA

distinctly. We also consider that the current structure does not impair the balance of power and authority between our Board and the management of our Company given the appropriate delegation of the power of our Board and the effective functions of our independent non-executive Directors. However, it is the long-term objective of our Company to have these two roles performed by separate individuals when suitable candidates are identified.

Disclosed Interest under Rule 8.10(2) of the Listing Rules

Save as disclosed below, each of our Directors confirms that as of the Latest Practicable Date, she or he 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(2) 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 shareholder 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.

In particular, one of our non-executive Directors Mr. LIN Lijun currently also acts as non-executive director of Shanghai Junshi Biosciences Co., Ltd. ("**Shanghai Junshi**"), a company listed on the Stock Exchange (stock code: 1877). As of the Latest Practicable Date, Mr. Lin indirectly held over 10% interests in Shanghai Junshi and approximately 3.23% interests in our Company through his controlled corporation.

Shanghai Junshi is a PRC based innovation-driven biopharmaceutical company and is principally engaged in development of innovative drugs and their clinical research and commercialization. One of its biologic drug candidates, Toripalimab, is anti-PD-1 monoclonal antibody, and therefore Shanghai Junshi might directly or indirectly compete with our Company in terms of anti-PD-1 antibody drug candidates. Toripalimab has obtained NDA and already launched in China in the first half of 2019.

Independence of our business from Shanghai Junshi

We believe that we are capable of performing our business independently of, and at arm's length from Shanghai Junshi based on the following grounds:

(i) Mr. Lin, as non-executive Director, does not hold a position in the senior management of our Company nor in Shanghai Junshi, and he does not and will not involve in the daily management and operations of our Group nor Shanghai Junshi;

(ii) Mr. Lin is only a substantial shareholder of Shanghai Junshi and only holds 3.23% in our Company as at the Latest Practicable Date. He only serves as a financial investor and does not have any control in our Company nor in Shanghai Junshi;

(iii) we have appointed three independent non-executive Directors, comprising one-third of our Board in order to promote the interests of our Company and our Shareholders as a whole; and

(iv) our Company has established relevant corporate governance measures to avoid conflicts of interest between our Group and any Director. In the event that a Director (such as Mr. Lin) is interested in a matter to be discussed/decided at a Board meeting, he/she shall abstain from voting in relation to such matter.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, and (ii) a confidentiality and non-competition agreement 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.

- *Terms:* We normally enter into three to six years employment contract with our senior management members and other key personnels.

- *No conflict:* During the term of the employment, the employee shall work on a full-time basis for us and shall not, without express prior written approval from the Company, engage in any other employment or service relationship with any entity or person, or engage in any business that competes with our business.

Confidentiality

- *Confidential information:* The employee shall keep confidential information, including but not limited to our inventions, trade secrets, knowledge or data or any such information of our business partners (including clients, customers and consultants) in confidence.

- *Obligation and duration:* The employee shall not, for the term of their employment and thereafter, directly or indirectly, use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of any confidential information, unless our prior written consent is obtained, such information are already in the public domain other than as a result of a breach of any confidential obligations or where the employee can show by documentary evidence that such information are known by the employee prior to obtaining such information from the Company.

Invention assignment

- *Acknowledgement:* The employee acknowledges and agrees that we shall have a complete, absolute and exclusive interest in the work that they produce, solely or jointly with others, (i) that relates to our work, (ii) that is developed in whole or in part using our equipment or confidential information or (iii) that results from any task assigned to the employee or are otherwise within the employee's scope of work.

- *Assignment:* The employee agree to assign, upon entering into the agreement, any rights, title or interest falling within the above scope to us. The employee further agree to grant an exclusive, royalty-free, assignable, irrevocable and worldwide license to us for any such rights that cannot be assigned to us.

- *Duration:* This obligation shall subsist throughout the period of employment and up to two year after termination of employment for any work that are related to the employee's work and activity during their employment.

Non-solicitation

Obligation: The employee agrees that they shall not, either on their own or on another person's behalf, directly or indirectly, (i) solicit, induce, recruit or encourage any of our employees to leave their employment; and (ii) solicit or otherwise induce or influence our clients or customers to restrict or cancel their business relationship with us.

DIVERSITY

We are committed to promote diversity in the Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure.

We have adopted 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 Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics and accounting. Furthermore, our Directors range from 39 years old to 58 years old.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. Subsequent to the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for first full the financial year commencing after the Listing Date.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management Presence

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules – Management Presence in Hong Kong."

Qualification of Joint Company Secretaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 3.28 and Rule 8.17 of the Listing Rules in relation to the requirements on the qualifications of the company secretary. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules – Joint Company Secretaries."

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors (including fees, salaries, contributions to pension schemes, discretionary bonuses, allowances another benefits in kind) for the years ended December 31, 2018 and 2019 were approximately RMB2.8 million and RMB8.1 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any discretionary bonus which may be paid to any Director) equivalent to approximately RMB13 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2020 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration of our five highest paid individuals (including both employees and Directors) for the years ended December 31, 2018 and 2019 were approximately RMB3.6 million and RMB10.2 million, respectively.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 8 and 9 of the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

RESTRICTED SHARE UNIT SCHEME

We have adopted the Restricted Share Unit Scheme on August 29, 2019, the purpose of which is to incentivize and reward eligible participants by reason of their contribution or potential contribution to our Company and/or any of our subsidiaries. Please see the section headed "Appendix IV – Statutory and General Information – D. Share Incentive Schemes – 1. Restricted Share Unit Scheme" for a description of our Restricted Share Unit Scheme.

FUTURE PLANS

For a detailed description of our future plans, see the section headed "Business – Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,337.4 million after deducting underwriting commissions and other estimated expenses paid and payable by us in the Global Offering taking into account any additional discretionary incentive fee, assuming an Offer Price of HK$15.53 per Share, being the mid-point of the Offer Price range of HK$14.88 to HK$16.18 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 75.0%, or HK$1,753.1 million, will be used primarily for the research and development and commercialization of the following products:

  (i) approximately 30.0%, or HK$701.2 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK104 (PD-1/CTLA-4), of which (a) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for treatment of cervical cancer, (b) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of HCC, (c) 5%, or HK$116.9 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of gastric cancer, (d) 10%, or HK$233.7 million, is expected to be used to fund ongoing and planned clinical trials of AK104 for the treatment of NSCLC, urothelial carcinoma and other indications, and (e) 5%, or HK$116.9 million, is expected to be used to fund the preparation of commercialization, registration filings and other regulatory matters for AK104. We strategically focus on evaluating AK104 as a monotherapy for certain small indications with no effective treatment options, such as cervical cancer (for which we already initiated a trial in China in 2019 and expect to initiate a global trial in the first half of 2020), urothelial carcinoma and other indications (for which we plan to initiate trials in 2020). We also focus on developing combo therapies with AK104 for some of the most prevalent cancer indications, including 1L gastric cancer and GEJ adenocarcinoma (for which we have initiated trials of AK104 in combination with oxaliplatin and capecitabine in 2019), 1L HCC (for which we plan to initiate a trial of AK104 in combination with a tyrosine kinase inhibitor around mid-2020). Please see "Business – Our Drug Candidates – Our Clinical-Stage Products" for details of our clinical development plan for AK104. It should be noted that we execute an adaptive clinical development strategy for AK104 which means we may from time to time evaluate and adjust our priority and allocation of funds for different indications depending on the results and status

of ongoing clinical trials, while the percentage of proceeds allocated for this drug candidate will generally remain stable. Therefore, the amount of net proceeds allocated to each indication or clinical trial for AK104 is subject to change;

(ii) approximately 20.0%, or HK$467.5 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of penpulimab (AK105) (PD-1), of which (a) 4%, or HK$93.5 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of HCC, (b) 8%, or HK$187.0 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of non-squamous NSCLC, (c) 2%, or HK$46.7 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of NPC, (d) 4%, or HK$93.5 million, is expected to be used to fund ongoing and planned clinical trials of penpulimab (AK105) for the treatment of squamous NSCLC and other indications, and (e) 2%, or HK$46.7 million, is expected to be used to fund the preparation of commercialization, registration filings and other regulatory matters for penpulimab (AK105). We strategically focus on evaluating penpulimab (AK105) in selected small cancer indications in order to obtain accelerated regulatory approvals, such as NPC (for which we initiated a trial in 2019). For major cancer indications, we intend to prioritize our investment in our ongoing Phase III combo trials for nonsquamous and squamous NSCLC and HCC to evaluate penpulimab (AK105) in combination with chemotherapy or anlotinib. Please see "Business – Our Drug Candidates – Our Clinical-Stage Products" for details of our clinical development plan for penpulimab (AK105). It should be noted that we execute an adaptive clinical development strategy which means we may from time to time evaluate and adjust our priority and allocation of funds for different indications depending on the results and status of ongoing clinical trials, while the percentage of proceeds allocated for this drug candidate will generally remain stable. Therefore, the amount of net proceeds allocated to each indication or clinical trial is subject to change;

(iii) approximately 10.0%, or HK$233.7 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK101 (IL-12/IL-23). Our clinical development priorities include but are not limited to ongoing and planned clinical trials of AK101 as a monotherapy for the treatment of moderate-to-severe psoriasis (Phase IIb trial initiated in 2019), SLE (Phase Ib trial expected to be initiated in 2020) and UC (Phase Ib trial expected to be initiated in 2020). See "Business – Our Drug Candidates – Our Clinical-Stage Products" for details of our clinical development plan for AK101. It should be noted that we execute an adaptive clinical development strategy which means we may from time to time evaluate and adjust our priority and allocation of

funds for different indications depending on the results and status of ongoing clinical trials, while the percentage of proceeds allocated for this drug candidate will generally remain stable. Therefore, the amount of net proceeds allocated to each indication or clinical trial is subject to change;

(iv) approximately 5.0%, or HK$116.9 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of ebronucimab (AK102) (PCSK9). Our clinical development priorities include but are not limited to ongoing and planned clinical trials of ebronucimab (AK102) in combination with stain and ezetimibe for HoFH (Phase II trial initiated in 2019), HeFH (Phase II trial initiated in 2019) and hypercholesterolemia (Phase II trial expected to be initiated in 2020). See "Business – Our Drug Candidates – Our Clinical-Stage Products" for details of our clinical development plan for ebronucimab (AK102). It should be noted that we execute an adaptive clinical development strategy which means we may from time to time evaluate and adjust our priority and allocation of funds for different indications depending on the results and status of ongoing clinical trials, while the percentage of proceeds allocated for this drug candidate will generally remain stable. Therefore, the amount of net proceeds allocated to each indication or clinical trial is subject to change; and

(v) approximately 10.0%, or HK$233.7 million, will be used for the ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of AK111 (IL-17), AK112 (PD-1/VEGF) and other drug candidates in our pipeline.

In the 75.0% of proceeds allocated for the above drug candidates, approximately 10.0% of the proceeds, or HK$233.7 million, will be used for the launch and commercialization of these drug candidates, of which (i) 6-7%, or HK$140.2-163.6 million, is expected to be used for the commercial launch of oncology drugs, including (a) 1.5%, or HK$35.1 million, for penpulimab (AK105) in respect of cHL and NPC; and (b) 4.5-5.5%, or HK$105.2-128.6 million for AK104 in respect of cervical cancer and gastric cancer and other drug candidates in oncology; and (ii) 3-4%, or HK$70.1-93.5 million, is expected to be used for the commercial launch of immunology drugs. These proceeds will be primarily used for recruiting the sales and marketing team and establishing sales channels in relevant therapeutic areas. In the next three to five years, we plan to first recruit a commercialization head and establish a domestic sales and marketing team with extensive industry experience in oncology and immunology, and gradually expand the team based on the expected commercialization timetable of our drug candidates. Before the launch of our products, our sales and marketing team will promote the differentiating clinical aspects of our products directly to physicians and hospital administrators through a physician-targeted, academic marketing

model. We will also continue to publicize clinical data in major conferences and sponsor investigator-led researches in order to increase the market awareness. At the initial stage of our product launch, we will focus on main hospitals and renowned physicians in tier-one and two cities, and then expand to cover lower tier cities in China.

- approximately 15.0%, or HK$350.6 million, will be used for the development of our manufacturing and research and development facilities in Guangzhou and Zhongshan, China, of which a majority will be used for the purchase of new machineries, instruments and equipment and the expansion of the manufacturing facilities.

- approximately 10.0%, or HK$233.7 million, will be used for our general corporate and working capital purposes. As we expand our research and development team, we are in the process of recruiting high-caliber R&D talents with strong academic background and extensive industry experience, and we expect that one senior executive member and several vice-president level personnel will be added to our R&D department in the second half of 2020 or no later than the first half of 2021.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately HK$2,694.1 million (based on the mid-point Offer Price of HK$15.53 per Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK$16.18 per Share, being the high end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be increased by approximately HK$99.5 million, or (ii) assuming the Over-allotment Option is exercised in full, be increased by approximately HK$114.4 million. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK$14.88 per Share, being the low end of the stated Offer Share range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be decreased by approximately HK$99.5 million, or (ii) assuming the Over-allotment Option is exercised in full, be decreased by approximately HK$114.4 million. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
J.P. Morgan Securities (Asia Pacific) Limited
BOCOM International Securities Limited
China International Capital Corporation Hong Kong Securities Limited
BOCI Asia Limited
CMB International Capital Limited
China Merchants Securities (HK) Co., 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. 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 Representatives (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 15,950,000 Hong Kong Offer Shares and the International Offering of initially 143,545,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on April 9, 2020. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 15,950,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be offered as mentioned in this prospectus and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally 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 set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into force:

(i) any event, or series of events, whether in continuation or in the nature of force majeure (including any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation or mutation of diseases, accident or interruption or delay in transportation, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, the European Union (or any member thereof) or Singapore (collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange;

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof), Singapore or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the HK dollar is linked to that of the US dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares;

(viii) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, any Application Forms or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;

(ix) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(x) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" of the Prospectus;

(xi) any litigation, dispute, legal action or claim being threatened or instigated against any member of the Group;

(xii) there is 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;

(xiii) the Chief Executive Officer, Chief Financial Officer, any director or members of senior management of the Company is vacating her/his office;

(xiv) any contravention by the Company or any member of the Group of any applicable laws and regulations including the Listing Rules;

(xv) any non-compliance of this 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 laws and regulations,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will or may have a material adverse effect; (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes or will make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus; or (4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Representatives that:

(i) any statement contained in this prospectus, the Application Forms, the formal notice, among others, and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto (the "**Offer-Related Documents**") but excluding the following information furnished by the Underwriters for use in the Offer Related Documents, namely, the market name, legal name and address of such Underwriters and expert qualification of the sponsors appearing in the Offer-Related Documents) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

(iii) there is a material breach of any of the obligations imposed upon the Company or the Controlling Shareholder under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(iv) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholder pursuant to the indemnities given by any of them under this Agreement or the International Underwriting Agreement, as applicable;

(v) there is any material adverse change or development involving any prospective material adverse change in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;

(vi) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company and or Dr. Xia in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(vii) the approval of the Listing Committee of 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 be issued upon the exercise of the Overallotment Option) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(viii) any person (other than the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(ix) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(x) any Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action;

(xi) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xii) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, or any cornerstone investment agreement is terminated.

Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement

The Company has undertaken to each of the Hong Kong Underwriters, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Joint Sponsors not to and to procure each other member of the Group not to, without the prior written consent of the Joint Representatives (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, 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, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, or any shares or other securities of such other member of the Group, as applicable, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, 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 subscription or ownership (legal or beneficial) of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company, or shares or other securities of such other member of the Group, as applicable, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any such transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertakings by the Controlling Shareholder

The Controlling Shareholder have undertaken to the Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, without the prior written consent of the Joint Representatives (on behalf of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) during the First Six-Month Period, she will not, and will procure that Golden Oaks LLC, the Gemstone Living Trust, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Dr. ZHANG Peng and their respective family trusts and holding vehicles and Aquae Hyperion Limited (the "**Relevant Registered Holders**") will not (save for the lending of Shares by Gemstone Living Trust pursuant to the Stock Borrowing Agreement and using securities of the Company beneficially owned by her/him/it as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan):

(i) 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 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 securities of the Company) beneficially owned by her as of the Listing Date (the "**Locked-up Securities**");

(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 Locked-up Securities;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that she will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of such Shares of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares will be completed within the First Six-Month Period);

(b) during the Second Six-Month Period, she will not, and will procure that the Relevant Registered Holder(s) will not, enter into any transaction described in (a)(i), (a)(ii) or (a)(iii) above in respect of any Locked-up Securities or offer to or agree to or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, she would cease to be a controlling shareholder (as defined under the Listing Rules) of the Company;

(c) until the expiry of the Second Six-Month Period, in the event that she or the Relevant Registered Holder(s) enters into any such transactions specified in Clause (a)(i), (a)(ii) or (a)(iii) above or offers to or agrees to or contracts to, or publicly announces an intention to enter into any such transactions, she will take all reasonable steps to ensure that she or the Relevant Register Holder(s) will not create a disorderly or false market in the securities of the Company; and

(d) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, she will

(i) if and when she or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by her/it, immediately inform the Company 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 she or the relevant registered holder(s) 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 in writing of such indications. The Company shall, as soon as reasonably practicable upon receiving such information in writing from the Controlling Shareholder and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

provided that the above restrictions do not (a) apply to Shares acquired by the Controlling Shareholder subsequent to the completion of the Global Offering, and (b) prevent the Controlling Shareholder from using the Shares beneficially owned by the Controlling Shareholder as security (including a charge or a pledge) 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, provided that (i) the Controlling Shareholder immediately inform the Company and the Joint Representatives of such pledge or charge together with the number of Shares so pledged or charged, and (ii) when the Controlling Shareholder receive 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, immediately inform the Company and the Joint Representatives of such indications.

Hong Kong Underwriters' interests in the Company

Save as disclosed in this prospectus and save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or purchase, or nominate persons to subscribe for or purchase, any Shares or any securities in our Company or any member of the Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Undertakings by the Company pursuant to the Listing Rules

We have undertaken to the Stock Exchange that, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules or pursuant to the Global Offering and Over-allotment Option, no further shares or securities convertible into shares of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which our Shares first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing).

Undertakings by the Controlling Shareholder pursuant to the Listing Rules

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholder has irrevocably and unconditionally undertaken to the Company, each of the Joint Representatives (for themselves and on behalf of each of the Underwriters) and the Stock Exchange that, except in compliance with the requirements of the Listing Rules or pursuant to the Global Offering or the Over-allotment Option, the Controlling Shareholder shall not in the period commencing on the date by reference to which disclosure of their shareholdings are 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 "**Six-month Period**"), either directly or indirectly, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities of the Company in respect of which they are shown in this prospectus to be the beneficial owner(s) (the "**Relevant Securities**") (save for a pledge or charge of any Relevant Securities as security in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan).

In addition, each of the Controlling Shareholder has irrevocably and unconditionally undertaken to the Company, each of the Joint Representatives (for themselves and on behalf of each of the Underwriters) and the Stock Exchange that, during the Six-month Period:

(a) when the Controlling Shareholder pledge or charge any Relevant Securities in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan in accordance with Note (2) to Rule 10.07(2) of the Listing Rules, they shall immediately inform the Company and each of the Joint Representatives in writing of such pledge or charge together with the number of the Relevant Securities so pledged or charged; and

(b) when the Controlling Shareholder receive any indication, either verbal or written, from any such pledgee or chargee of the Relevant Securities that any of the pledged or charged Relevant Securities will be disposed of, they shall immediately inform the Company and each of the Joint Representatives in writing of such indications.

The Relevant Registered Holders have also entered into an additional lock-up undertaking in favour of the Company and Joint Representatives (on behalf of the Underwriters) to the same effect.

Undertakings by certain Shareholders

Each of the Shareholders (other than the Relevant Registered Holders) (the "**Undersigned Shareholders**", and each, an "**Undersigned Shareholder**") have entered into a lock-up undertaking letter (the "**Lock-up Undertakings**") in favour of the Joint Representatives (for themselves and on behalf of the Underwriters). Pursuant to the Lock-up Undertakings, which are largely similar in form, save for certain special circumstances, each of the Undersigned Shareholders undertakes that, *inter alia*, the Undersigned Shareholders will not, and will procure that no company or legal entity controlled by the Undersigned Shareholder or any nominee or trustee holding in trust for the Undersigned Shareholder will, at any time during the period of six (6) months from the Listing Date (the "**Lock-up Period**") without the prior written consent of the Company and the Joint Representatives:

(a) offer, pledge, charge, 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, 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 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 securities of the Company) held by the Undersigned Shareholder as at the date of the Lock-up Undertaking (the "**Locked-up Shares**");

(b) enter into any swap or any other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Shares;

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or

(d) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in paragraphs (a), (b) or (c) above,

whether any such transaction described in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Lock-up Period).

In addition, certain of the Undersigned Shareholders undertakes to the Company and each of the Joint Representatives (for themselves and on behalf of each of the Underwriters) that they will not and will procure that no company or legal entity controlled by the Undersigned Shareholder or under the control of the same holding company as the Undersigned Shareholder or any nominee or trustee holding in trust for the Undersigned Shareholder, will, at any time during the Lock-up Period, enter into any purchase and sale or sale and purchase of Shares or other securities of the Company with the effect of creating a short position or enter into any transaction with the same economic effect.

Pursuant to the Lock-up Undertakings, the lock-up restrictions do not prevent the Undersigned Shareholder from, *inter alia*:

(a) transferring any Locked-up Shares required by applicable law or regulations;

(b) transferring shares with the prior written consent of the Company and the Joint Representatives;

(c) using the Locked-up Shares beneficially owned by it as security (including a charge or a pledge) 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, subject to certain restrictions set out in the Lock-up Undertaking including restrictions from disposal by the person making such loans during the Lock-up Period or notification to the Company and Joint Representatives if the Undersigned Shareholder receives indications that the Locked-up Shares will be disposed following a default under such loan;

(d) purchasing or acquiring securities of the Company on or after the Listing Date (including any Shares subscribed or purchased by the Undersigned Shareholders as part of the Global Offering) or the sale of such securities purchased or acquired after the Listing Date;

(e) where expressly provided for in the Lock-up Undertaking, transferring the Locked-up Shares to transferees affiliated with the Undersigned Shareholder, provided that the transferee or transferees thereof agree to be bound in writing by the restrictions set forth therein.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering – The International Offering".

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to issue up to an aggregate of 23,924,000 Shares, representing not more than 15% of the maximum number of Offer Shares initially available under the Global Offering at the Offer Price to, cover over allocations (if any) in the International Offering. See "Structure of the Global Offering – 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 shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commissions and Expenses

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$15.53 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HKD113.9 million, inclusive of sponsor fees.

Our Company shall pay to the Joint Representatives (on behalf of the Hong Kong Underwriters) an underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (excluding any Hong Kong Offer Shares reallocated to the International Offering).

Our Company may pay to the Joint Representatives and the Hong Kong Underwriters for their respective accounts an incentive fee up to but not exceeding 1% of the aggregate Offer Price for each Offer Share.

Assuming an Offer Price of HK$15.53 per Share (being the mid-point of the Offer Price range), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the "**Commissions and Fees**") are estimated to be approximately HKD139.5 million (assuming the Over-allotment Option is not exercised) in total.

The Commissions and Fees were determined after arm's-length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses that they may suffer or incur, including certain losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

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 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 Stabilization Manager 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, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Morgan Stanley Asia Limited and J.P. Morgan Securities (Asia Pacific) Limited are the Joint Representatives of the Global Offering.

The listing of the Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

The Global Offering consists of:

(i) the Hong Kong Public Offering of 15,950,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the section headed "– The Hong Kong Public Offering" below; and

(ii) the International Offering of 143,545,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in accordance with Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in accordance with Rule 144A.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest, if qualified to do so, for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 20.9% of the total issued share capital of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 23.3% of the enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option as set out in the section headed "– The International Offering – Over-allotment Option" below.

(A) Hong Kong Public Offering

(1) Number of Offer Shares initially offered

The Company is initially offering 15,950,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering. This will represent approximately 2.1% of the total Shares in issue immediately following the completion of the Global Offering (assuming 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 in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities that regularly invest in shares and other securities. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong, other jurisdictions outside the United States in accordance with Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in accordance with Rule 144A. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the section headed "– Pricing of the Global Offering" below.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the section headed "– Conditions of the Global Offering" below.

(2) Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications 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. The allocation of Hong Kong Offer Shares 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.

For allocation purposes only, the 15,950,000 Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A comprising 7,975,000 Hong Kong Offer Shares and pool B comprising 7,975,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of HK$5 million or below will fall into pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK$5 million and up to the total value of pool B, will fall into pool B.

Applicants should be aware that applications in pool A and pool B are likely to receive different allocation ratios. If any Hong Kong Offer Shares in one pool (but not both pools) are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between the pools and any application for more than 50% of the 15,950,000 Shares initially comprised in the Hong Kong Public Offering (that is 7,975,000 Hong Kong Offer Shares) are liable to be rejected.

(3) Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. 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.

If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares

available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 47,849,000 Shares (in the case of (i)), 63,798,000 Shares (in the case of (ii)), and 79,748,000 Shares (in the case of (iii)), respectively, representing approximately 30%, 40%, and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) (the "**PN18 Clawback**"). 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 Representatives deem appropriate.

In addition, the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. According to Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if (i) the International Offering is undersubscribed 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 oversubscribed by less than 15 times of the total number of Offer Shares initially available under the Hong Kong Public Offering, then the Joint Representatives may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules on the following conditions in accordance with Guidance Letter HKEX-GL91-18 (the "**Allocation Cap**"):

(i) the number of Offer Shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall not exceed 15,950,000 Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 31,900,000 Shares, representing approximately 20% of the Offer Shares; and

(ii) the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK$14.88 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate. The Allocation Cap will not be triggered.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives, subject to the PN18 Clawback and the Allocation Cap (as applicable).

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, expected to be published on Thursday, April 23, 2020.

(4) Application

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, upon application, the maximum Offer Price of HK$16.18 per Offer Share in addition to any brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "– Pricing of the Global Offering" below, is less than the maximum Offer Price of HK$16.18 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(B) The International Offering

(1) Number of Offer Shares initially offered

The number of International Offer Shares to be initially offered for subscription under the International Offering will be 143,545,000 Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 18.8% of our total issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the Offer Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in accordance with Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in accordance with Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "– Pricing of the Global Offering" below and determined by the Joint Representatives and us. It will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell Offer Shares after the listing of the Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered 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 Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

(3) Reallocation and Clawback

The total number of International Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "– The Hong Kong Public Offering – Reallocation and Clawback" in this section, exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

(C) Over-allotment Option

We expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of Application Forms under the Hong Kong Public Offering. A press announcement will be made in the event that the Over-allotment Option is exercised.

Pursuant to the Over-allotment Option, we may be required to allot and issue up to 23,924,000 Shares, representing approximately 15% of the maximum number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 3.04% of the issued share capital of the Company immediately after the completion of the Global Offering.

(D) Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new 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, activity aimed at reducing the market price is prohibited. The price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Morgan Stanley Asia Limited, as Stabilization Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other 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 last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing activity. If such stabilizing activity is commenced, it will be done at the absolute discretion of the Stabilization 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 Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, being 23,924,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilizing action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(i) the Stabilization Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;

(ii) there is no certainty regarding the extent to which and the time period for which the Stabilization Manager, or any person acting for it, will maintain such a position;

(iii) liquidation of any such long position by the Stabilization Manager may have an adverse impact on the market price of the Shares;

(iv) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Sunday, May 17, 2020, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(v) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and

(vi) stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

We will ensure or procure that 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.

In connection with the Global Offering, the Stabilization Manager may over-allocate up to and not more than an aggregate of 23,924,000 Shares and cover such over-allocations by (among other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilization Manger (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price.

(E) Pricing of the Global Offering

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, April 17, 2020 and in no event later than Thursday, April 23, 2020.

The Offer Price will not be more than HK$16.18 per Offer Share and is expected to be not less than HK$14.88 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$16.18 per Share plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, amounting to a total of HK$16,343.05 for one board lot of 1,000 Shares. **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 price range stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of 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 about, the last day for lodging applications under the Hong Kong Public Offering.

Based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Bookrunners (on behalf of the Underwriters and with our consent) may reduce the number of Offer Shares and/or indicative Offer Price range below that stated 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, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, publish notice of such reduction on the Stock Exchange's website at **www.hkexnews.hk**, and on our Company's website at **www.akesobio.com**. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. Upon issue of such notice, the number of Offer Shares in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range.

As soon as practicable after such reduction of the number of Offer Shares and/or the indicative Offer Price range, we 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 is open for acceptance, and give potential investors who had applied for the Offer Shares to withdraw their applications.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Representatives (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in 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.

If applications for Hong Kong Offer Shares have been submitted prior to the day that 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 Offer Price is so reduced, such applications can subsequently be withdrawn.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares and the results of applications in the Hong Kong Public Offering are expected to be announced on Thursday, April 23, 2020 through a variety of channels described in the section headed "How to Apply for Hong Kong Offer Shares – Publication of Results" in this prospectus.

(F) Stock Borrowing Agreement

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilization Manager, its affiliates, or any person acting for it may choose to borrow up to 23,924,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from XIA Trust pursuant to a Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

(i) such stock borrowing arrangement with XIA Trust will only be effected by the Stabilization Manager for settlement of over-allocations in the International Offering and covering any short position prior to the exercise of the Over-allotment Option;

(ii) the maximum number of Shares borrowed from XIA Trust under the Stock Borrowing Agreement will be limited to the maximum number of Shares issued upon exercise of the Over-allotment Option;

(iii) the same number of Shares as that borrowed must be returned to XIA Trust or its respective nominees on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full;

(iv) the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, Listing Rules and regulatory requirements; and

(v) no payment will be made to XIA Trust by the Stabilization Manager or its authorized agents in relation to such stock borrowing arrangement.

(G) Underwriting

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to, among other things, agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or about the Price Determination Date, shortly after the final Offer Price is determined.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

(H) Conditions of the Global Offering

Acceptance of all applications for the Offer Shares will be conditional on:

(i) the Listing Committee granting the approval for listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(ii) the Offer Price having been agreed between the Joint Representatives (on behalf of the Underwriters) and the Company;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason, the Offer Price is not agreed by Thursday, April 23, 2020 between us and the Joint Bookrunners (on behalf of the Underwriters), 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 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 Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the websites of the Company and the Stock Exchange at **www.akesobio.com** and **www.hkexnews.hk**, respectively, 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 – Refund of Application Monies" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the Company's receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, April 24, 2020, provided that the Global Offering has become unconditional in all respects at or before that time.

(I) Dealing Arrangements

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, April 24, 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, April 24, 2020.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 9926.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for 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 Representatives, the designated **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 (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Offer Shares 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 authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a Substantial Shareholder of the Company and/or any of its subsidiaries;
- you are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- you are an associate (as defined in the Listing Rules) of any of the above;
- you are 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; or
- you 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 the **White Form eIPO** service at **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. (or 10:00 a.m. for CMB Wing Lung Bank Limited) on Tuesday, April 14, 2020 until 12:00 noon on Friday, April 17, 2020 from:

(i) the following offices of the Hong Kong Underwriters:

Hong Kong Underwriters	Address
Morgan Stanley Asia Limited	46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
J.P. Morgan Securities (Asia Pacific) Limited	28/F, Chater House 8 Connaught Road Central Hong Kong

(ii) any of the branches of the receiving banks of the Company:

(a) CMB Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
Kowloon	Mongkok Branch	B/F, CMB Wing Lung Bank Centre, 636 Nathan Road

(b) Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	Address
Hong Kong Island	Wanchai Road Branch	G/F Times Media Centre, No. 133 Wan Chai Road, Hong Kong
Kowloon	China Hong Kong City Branch	Shop No. 55, UG/F & Shop Nos. 15, 16 & 17B, 1/F, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, April 14, 2020 until 12:00 noon on Friday, April 17, 2020 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 cheque or a banker's cashier order attached and marked payable to "CMB WING LUNG (NOMINEES) LIMITED – AKESO PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

CMB Wing Lung Bank Limited

Tuesday, April 14, 2020 – 10:00 a.m. to 3:00 p.m.
Wednesday, April 15, 2020 – 10:00 a.m. to 3:00 p.m.
Thursday, April 16, 2020 – 10:00 a.m. to 3:00 p.m.
Friday, April 17, 2020 – 10:00 a.m. to 12:00 noon

Industrial and Commercial Bank of China (Asia) Limited

Tuesday, April 14, 2020 – 9:00 a.m. to 5:00 p.m.
Wednesday, April 15, 2020 – 9:00 a.m. to 5:00 p.m.
Thursday, April 16, 2020 – 9:00 a.m. to 5:00 p.m.
Friday, April 17, 2020 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. on Friday, April 17, 2020 to 12:00 noon on Friday, April 17, 2020, the last application day or such later time as described in "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 authorise the Company and/or the Joint Representatives (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 (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Law 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 Relevant Persons and the **White Form eIPO** Service Provider 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 nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, receiving bank, and the Relevant Persons 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, or the Relevant Persons will breach any laws 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) authorise (i) 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 such other registers as required under the Articles and (ii) the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(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 in "– Personal Collection" below to collect the share certificate(s) and/or refund cheque(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 Representatives 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 designated **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 THE WHITE FORM eIPO SERVICE

Individuals who meet the criteria in the paragraph headed "– Who can apply" in this section, may apply through the **White Form eIPO** service for the Hong Kong 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 authorise the designated **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 designated **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 Tuesday, April 14, 2020 until 11:30 a.m. on Friday, April 17, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, April 17, 2020 or such later time under the "Effects of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of the **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 the **White Form eIPO** 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. Only one application may be made for the benefit of any person. 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 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of the **White Form eIPO** 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 "Akeso, Inc." **White Form eIPO** application submitted via the website at **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 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 Centre,
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 the above 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 authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives 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, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (if the electronic application instructions 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 authorised to give those instructions as their agent;
- confirm that you understand that the Company, the Joint Sponsors and the Joint Representatives 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;
- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allotted to you and such other registers as required under the Articles, and despatch share certificate(s) and/or refund monies under the arrangements separately agreed between the Company 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 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 and will not rely on any other information or representations, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Representatives, 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 this prospectus);

- agree to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Representatives, the Underwriters and/or its respective advisers and agents any personal data which they may require about you;

- 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 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), such agreement to take effect as a collateral contract with the Company 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 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), 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 (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) 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 results of the Hong Kong Public Offering;

- 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 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 the Company and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Law and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with 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 authorised 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 authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the 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 Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised 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 a minimum of 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[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, April 14, 2020 – 9:00 a.m. to 8:30 p.m.
Wednesday, April 15, 2020 – 8:00 a.m. to 8:30 p.m.
Thursday, April 16, 2020 – 8:00 a.m. to 8:30 p.m.
Friday, April 17, 2020 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, April 14, 2020 until 12:00 noon on Friday, April 17, 2020 (24 hours daily, except on Friday, April 17, 2020 the last application day).

The latest time for inputting **electronic application instructions** will be 12:00 noon on Friday, April 17, 2020, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

Note:

1. The 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.

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 bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for 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 designated **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 to make your electronic applications. The Company, the Directors, the Joint Representatives, 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 connecting to the CCASS Phone System or the 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 Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, April 17, 2020, the last application day, or such time as described in the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in this section.

8. HOW MANY APPLICATIONS YOU CAN 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 the **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 made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the 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 numbers of Hong Kong Offer Shares that may be applied for.

The maximum Offer Price is HK$16.18 per Hong Kong Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%. This means that one board lot of 1,000 Hong Kong Offer Shares, you will pay HK$16,343.05.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Hong Kong Offer Shares under the terms and conditions 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 (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the 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" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, April 17, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, April 17, 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made.

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 allotment of the Hong Kong Offer Shares on Thursday, April 23, 2020 on the Company's website at **www.akesobio.com** and the website of the 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 dates and in the manner set out below:

- in the announcement to be posted on the Company's website at **www.akesobio.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, April 23, 2020;

- 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 Thursday, April 23, 2020 to 12:00 midnight on Wednesday, April 29, 2020;

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Thursday, April 23, 2020 to Friday, April 24, 2020 and from Monday, April 27, 2020 to Tuesday, April 28, 2020;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, April 23, 2020 to Saturday, April 25, 2020 at all individual receiving bank 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 set out in the section headed "Structure of the Global Offering" in this prospectus.

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 through the **White Form eIPO** service, 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 Representatives, the designated **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 of the Stock Exchange 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 cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe(s) 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$19.50 per Offer Share (excluding brokerage, SFC transaction levy and the 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 Hong Kong Public 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 Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, April 23, 2020.

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 cheque(s) crossed "Account Payee Only" in favour 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 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 cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, April 23, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, April 24, 2020 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of share certificates or the share certificates becoming valid do so entirely at their own risk.

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 cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, 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 Thursday, April 23, 2020 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 authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not personally collect your refund cheque(s) and/or share certificate(s) within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address specified on the relevant Application Form on or before Thursday, April 23, 2020, 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 for collecting refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, April 23, 2020, 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 Thursday, April 23, 2020, 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 Offer 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 "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 Thursday, April 23, 2020 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 the Hong Kong Share Registrar, 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 Thursday, April 23, 2020, 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 cheques.

If you do not personally collect your share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and 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 Thursday, April 23, 2020, by ordinary post and 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 cheque(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 Thursday, April 23, 2020, 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 Thursday, April 23, 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, April 23, 2020 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 Thursday, April 23, 2020. 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 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 Thursday, April 23, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the 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 to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Akeso, Inc. 康方生物科技(開曼)有限公司
Morgan Stanley Asia Limited
J.P. Morgan Securities (Far East) Limited

Dear Sirs,

We report on the historical financial information of Akeso, Inc. 康方生物科技(開曼)有限公司 (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-58, which comprises 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 of the Group for each of the years ended 31 December 2018 and 2019 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2018 and 2019 and the statement of financial position of the Company as at 31 December 2019 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-58 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 April 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public

Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2018 and 2019, the financial position of the Company as at 31 December 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF 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 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
14 April 2020

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2018 RMB'000	2019 RMB'000
REVENUE	5	2,826	70,879
Cost of sales		–	–
Gross profit		2,826	70,879
Other income and gains, net	5	27,045	50,186
Administrative expenses		(20,157)	(55,421)
Research and development expenses		(161,095)	(308,388)
Other expenses, net		(327)	(592)
Fair value changes on convertible redeemable preferred shares	24	–	(97,382)
Finance costs	7	(2,646)	(5,736)
LOSS BEFORE TAX	6	(154,354)	(346,454)
Income tax expense	10	–	–
LOSS FOR THE YEAR		(154,354)	(346,454)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		3,044	6,128
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Translation from functional currency to presentation currency		–	(8,195)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		3,044	(2,067)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(151,310)	(348,521)
Loss attributable to:			
Owners of the parent		(142,307)	(335,386)
Non-controlling interests		(12,047)	(11,068)
		(154,354)	(346,454)
Total comprehensive loss attributable to:			
Owners of the parent		(139,263)	(337,453)
Non-controlling interests		(12,047)	(11,068)
		(151,310)	(348,521)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2018 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	137,345	214,005
Right-of-use assets	*14*	52,049	52,405
Intangible assets	*15*	197	500
Advance payments for acquisition of land use rights	*14*	–	99,263
Advance payments for property, plant and equipment		4,610	50,802
Total non-current assets		194,201	416,975
CURRENT ASSETS			
Inventories	*16*	16,969	15,523
Prepayments, other receivables and other assets	*17*	26,620	51,362
Financial assets at fair value through profit or loss	*18*	100,115	772
Pledged deposits	*19*	97	2,263
Cash and cash equivalents	*19*	313,716	1,186,044
Total current assets		457,517	1,255,964
CURRENT LIABILITIES			
Trade payables	*20*	47,349	42,923
Other payables and accruals	*21*	10,167	34,459
Interest-bearing bank and other borrowings	*22*	25,460	38,095
Tax payable		1,728	1,425
Lease liabilities	*14*	1,532	2,859
Total current liabilities		86,236	119,761
NET CURRENT ASSETS		371,281	1,136,203
TOTAL ASSETS LESS CURRENT LIABILITIES		565,482	1,553,178
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	*24*	–	1,099,563
Interest-bearing bank and other borrowings	*22*	33,100	173,280
Lease liabilities	*14*	4,955	4,481
Deferred income	*23*	39,332	60,149
Total non-current liabilities		77,387	1,337,473
Net assets		488,095	215,705
EQUITY			
Equity attributable to owners of the parent			
Share capital	*25*	–	34
Reserves	*26*	441,216	(6,387)
		441,216	(6,353)
Non-controlling interests		46,879	222,058
Total equity		488,095	215,705

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 25	*Note 26*	*Note 26*				
At 1 January 2018	–	396,612	(873)	(19,594)	376,145	44,193	420,338
Loss for the year	–	–	–	(142,307)	(142,307)	(12,047)	(154,354)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	3,044	–	3,044	–	3,044
Total comprehensive income/(loss) for the year	–	–	3,044	(142,307)	(139,263)	(12,047)	(151,310)
Capital injection from shareholders	–	150,000	–	–	150,000	–	150,000
Capital injection from non-controlling shareholders of subsidiaries	–	55,757	–	–	55,757	14,733	70,490
Transaction cost in relation to capital injection	–	(1,423)	–	–	(1,423)	–	(1,423)
At 31 December 2018	–	600,946	2,171	(161,901)	441,216	46,879	488,095

Year ended 31 December 2019

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 *Note 25*	*RMB'000* *Note 26*	*RMB'000* *Note 26*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	–	600,946	2,171	(161,901)	441,216	46,879	488,095
Loss for the year	–	–	–	(335,386)	(335,386)	(11,068)	(346,454)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	6,128	–	6,128	–	6,128
Translation from functional currency to presentation currency	–	–	(8,195)	–	(8,195)	–	(8,195)
Total comprehensive loss for the year	–	–	(2,067)	(335,386)	(337,453)	(11,068)	(348,521)
Issue of shares	36	321,053	–	–	–	–	321,089
Capital injection from shareholders	–	50,000	–	–	50,000	–	50,000
Re-designation and reclassification of ordinary shares as the Preferred Shares**	(2)	(278,112)	–	–	(278,114)	–	(278,114)
Equity component of the Series B Preferred Shares I (note 22)	–	92,213	–	–	92,213	–	92,213
Reorganization***	–	(321,089)	–	–	–	–	(321,089)
Capital injection from non-controlling shareholders of subsidiaries	–	25,785	–	–	25,785	186,247	212,032
At 31 December 2019	34	490,796	104	(497,287)	(6,353)	222,058	215,705

* These reserve accounts comprise the consolidated reserves of RMB441,216,000 and RMB(6,387,000) in the consolidated statements of financial position as at 31 December 2018 and 2019, respectively.

** In November 2019, certain ordinary shares were re-designated and reclassified as "the Series B Preferred Shares I and Series D Preferred Shares", details of which are included in notes 24 and 25.

*** The amounts arose from acquisition of subsidiaries from the shareholders of the Company for the Reorganisation during the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2018	2019
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(154,354)	(346,454)
Adjustments for:			
Bank and other interest income	*5*	(5,624)	(5,217)
Fair value changes on convertible redeemable preferred shares		–	97,382
Gain upon early termination of a lease	*5*	(2,254)	–
Depreciation of property, plant and equipment	*6*	10,443	13,419
Depreciation of right-of-use assets	*6*	2,482	2,964
Amortisation of intangible assets	*6*	46	109
Net changes in fair value of financial assets at fair value through profit or loss		(35)	110
Government grant released	*5*	(12,813)	(36,972)
Foreign exchange differences, net	*6*	323	586
Finance costs	*7*	2,646	5,736
		(159,140)	(268,337)
(Increase)/decrease in inventories		(7,860)	1,446
Increase in prepayments, other receivables and other assets		(4,966)	(24,500)
Increase/(decrease) in trade payables		16,530	(4,426)
Increase in other payables and accruals		2,338	24,292
Increase in deferred income in respect of government grants related to income		29,400	50,567
Cash used in operations		(123,698)	(220,958)
Bank interest received		393	1,666
Income tax paid		(112)	(303)
Net cash flows used in operating activities		(123,417)	(219,595)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(72,698)	(136,273)
Purchase of intangible assets		(38)	(412)
Advance payments for acquisition of land use rights	*14*	–	(99,263)
Purchases of land use rights		(1,418)	–
Receipt of government grants related to assets		1,558	7,677
Purchases of financial assets at fair value through profit or loss		(735,000)	(1,365,767)
Proceeds from disposal of financial assets at fair value through profit or loss		776,000	1,465,000
Interest income from financial assets at fair value through profit or loss		5,231	3,309
Increase in pledged deposits		–	(2,165)
Net cash flows used in investing activities		(26,365)	(127,894)

	Notes	Year ended 31 December 2018	2019
		RMB'000	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		41,000	111,600
Issue of shares		–	318,832
Repayment of bank and other borrowings		(9,400)	(25,900)
Principal portion of capital element of lease payments		(1,684)	(2,005)
Capital injection from non-controlling shareholders of subsidiaries		70,490	212,032
Capital injection from shareholders		150,000	50,000
Transaction costs related to capital injection		(1,423)	–
Payment for Reorganization		–	(318,832)
Proceeds from issue of convertible redeemable preferred shares		–	888,506
Interest paid		(2,555)	(4,041)
Net cash flows from financing activities		246,428	1,230,192
NET INCREASE IN CASH AND CASH EQUIVALENTS		96,646	882,703
Cash and cash equivalents at beginning of year		214,338	313,701
Effect of foreign exchange rate changes, net		2,717	(10,375)
CASH AND CASH EQUIVALENTS AT END OF YEAR		313,701	1,186,029
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statements of financial position	*19*	313,716	1,186,044
Bank overdrafts	*22*	(15)	(15)
Cash and cash equivalents as stated in the consolidated statements of cash flows		313,701	1,186,029

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 December 2019** *RMB'000*
NON-CURRENT ASSETS		
Investment in a subsidiary		2,257
Total non-current assets		2,257
CURRENT ASSETS		
Prepayments, other receivables and other assets		242
Due from subsidiaries		735,992
Cash and cash equivalents	*19*	455,428
Total current assets		1,191,662
CURRENT LIABILITIES		
Due to subsidiaries		2,630
Total current liabilities		2,630
NET CURRENT ASSETS		1,189,032
TOTAL ASSETS LESS CURRENT LIABILITIES		1,191,289
NON-CURRENT LIABILITIES		
Convertible redeemable preferred shares	*24*	1,099,563
Interest-bearing borrowings	*22*	66,660
Total non-current liabilities		1,166,223
Net assets		25,066
EQUITY		
Share capital	*25*	34
Reserves	*26*	25,032
Total equity		25,066

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2019. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in research and development of biological products:

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Akeso (BVI), Inc. *(note (a))*	British Virgin Islands ("BVI") 13 June 2019	US$50,000	100%	–	Investment holding
Akeso Biopharma Co., Ltd.* (中山康方生物醫藥有限公司) *(notes (b), (f))*	People's Republic of China ("PRC")/Mainland China, 19 March 2012	RMB1,333,200,000	–	100%	Product research and development, technology transfer and consulting services business
Akeso Pharma Co., Ltd.* (康方藥業有限公司) *(note (c))*	PRC/Mainland China, 10 August 2017	RMB100,000,000	–	95%	Product research and development
Akeso Tiancheng Guangdong Co., Ltd.* (康方天成(廣東)製藥有限公司) *(note (c))*	PRC/Mainland China, 16 May 2016	RMB20,000,000	–	100%	Product research and development, technology transfer and consulting service business
Zhong Kang Tai He Beijing Bioscience Co., Ltd.* (中康泰和(北京)生物科技有限公司) *(note (e))*	PRC/Mainland China, 14 September 2018	RMB1,000,000	–	51%	Product research and development
AD Pharmaceuticals Co., Ltd.* (康融東方(廣東)醫藥有限公司) *(note (d))*	PRC/Mainland China, 22 February 2017	RMB143,800,000	–	65%	Product research and development

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AD Pharmaceuticals Guangzhou Co., Ltd.* (康融東方(廣州)生物醫藥有限公司) *(notes (d), (f))*	PRC/Mainland China, 20 March 2018	RMB1,000,000	–	65%	Product research and development
AkesoBio Inc. *(note (a))*	United States of America (the "USA"), 14 May 2013	US$333,000	–	100%	Product research and development
Akesobio Australia Pty Ltd *(note (a))*	Australia 18 May 2017	Australian Dollar ("AUD")8,028,086	–	100%	Product research and development
Akeso Limited *(note (e))*	Hong Kong, 9 December 2011	HK$2,560,000	–	100%	Investment holding
Akeso-Sino Pharma Co., Ltd.* (康方賽諾醫藥有限公司) *(note (e))*	PRC/Mainland China, 30 April 2019	RMB100,000,000	–	100%	Product research and development
Akeso Bioscience Co., Ltd.* (中山康方生物科技有限公司) *(notes (e), (f))*	PRC/Mainland China, 13 June 2019	RMB50,000,000	–	100%	Product research and development
Akeso Research and Development Institute Co., Ltd.* (中山康方創新藥物研究院有限公司) *(notes (e), (f))*	PRC/Mainland China, 18 July 2016	RMB4,000,000	–	100%	Product research and development, technology transfer, and consulting services
CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd.* (正大天晴康方(上海)生物醫藥科技有限公司) *(notes (e), (f), (g))*	PRC/Mainland China, 30 August 2019	RMB689,450,000	–	50%	Product research and development, technology transfer and consulting services of biopharmaceuticals (except biological agents)

Notes:

(a) As at the date of this report, no audited financial statements of these entities have been prepared since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

(b) The entity is a limited liability enterprise established under the PRC law. The statutory financial statements for the year ended 31 December 2018 prepared under the PRC Generally Accepted Accounting Principles (the "PRC GAAP") were audited by Zhongshan Promise Certified Public Accountants (中山市成諾會計師事務所), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the entity for the year ended 31 December 2019.

(c) These entities are limited liability enterprises established under the PRC law. The statutory financial statements for the year ended 31 December 2018 prepared under the PRC GAAP were audited by Zhongshan Guangxinda Certified Public Accountants (中山廣信達會計師事務所), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the entities for the year ended 31 December 2019.

(d) These entities are limited liability enterprises established under the PRC law. The statutory financial statements for the year ended 31 December 2018 prepared under the PRC GAAP were audited by Ernst & Young Hua Ming (LLP) Guangzhou Branch (安永華明會計師事務所(特殊普通合夥)廣州分所), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the entities for the year ended 31 December 2019.

(e) As at the date of this report, no audited financial statements have been prepared for these entities.

(f) The registered capital of Akeso Biopharma Co., Ltd., AD Pharmaceuticals Guangzhou Co., Ltd., Akeso Research and Development Institute Co., Ltd., Akeso Bioscience Co., Ltd. and CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. ("CTTQ-Akeso") of approximately RMB311,890,035, RMB1,000,000, RMB4,000,000, RMB50,000,000 and RMB517,087,500, respectively was unpaid as at 31 December 2019. Subsequent to 31 December 2019, the registered capital of CTTQ-Akeso has been fully paid up.

(g) CTTQ-Akeso was established in Mainland China on 30 August 2019 with 50% of equity shares held by the Group and 50% by a third party respectively. The Group considers that it controls CTTQ-Akeso even though it owns only 50% of the voting rights. This is because the Group had existing rights that gave it the unilateral ability to direct the research and development activities of CTTQ-Akeso, which were the relevant activities that most significantly affected the returns of CTTQ-Akeso in the current stage.

* The English names of these companies represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Development and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 20 September 2019.

As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing companies using the pooling of interest method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

Accordingly, 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 of the Group for the Relevant Periods include the consolidated results and cash flows of Akeso Biopharma Co., Ltd and its subsidiaries and the results and cash flows of the other companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2018 and 2019 include the consolidated assets and liabilities of Akeso Biopharma Co., Ltd and its subsidiaries and the assets and liabilities of the other companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain investments in financial products and certain financial liabilities which have been measured at fair value through profit or loss.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for annual periods beginning on or after 1 January 2021

[3] Effective for annual periods beginning on or after 1 January 2022

[4] No mandatory effective date is determined but available for adoption

Further information about the IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's Historical Financial Information.

Amendments to IAS 1 clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end

of the reporting period" should affect the classification of a liability. The amendments also clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividend received and receivable.

Business combinations

Other than the Reorganization, business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures certain financial instruments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants

act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20% to 50%
Machinery and equipment	9% to 18%
Office equipment	9% to 18%
Motor vehicles	18%
Buildings	4.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment, including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, machinery and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

The useful lives of the software were assessed by the Group considering different purposes and usage of the software. The useful lives of software varied from 5 to 10 years depending on the management's plan on the usage and upgrade frequency of the respective software.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and buildings	2 to 24 years
Machinery	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, convertible redeemable preferred shares and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Compound financial liabilities

The component of compound financial liabilities that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of compound financial liabilities, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

During the Relevant Periods, the Group generated revenue from licences of its intellectual property ("IP") to customers. Customers would use commercially reasonable efforts to develop and commercialise those IP and would bear the costs of development, manufacturing and commercialisation. The Group was entitled to consideration of upfront payments, future clinical development milestone payments and sales milestone payments. Upfront payments and future clinical development milestone payments were fixed and became receivable upon each milestone, i.e. grant of IP or achievement of development specified in the licensing contract. Sales milestone payments were based on future sales of the relevant products by customers.

At the inception of each licensing contract, the Group evaluates whether the upfront payments and future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Upfront payments and future clinical development milestone payments that are not within the control of the Group are not

considered probable of being achieved until those milestones are achieved. At the end of each subsequent reporting period, the Group re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catchup basis, which would affect revenues and earnings in the period of adjustment.

For the licensing contracts in which the Group will not undertake any activities that significantly affect the IP, the customer gets a right to use the IP when the licence is granted. The Group recognises revenue at the amount estimated as above when the customer obtains the right to use the IP.

Sales milestone payments are regarded as sales-based royalties and recognised as revenue only when the subsequent sale of relevant product by customer occurs.

Other income from provision of services

The Group recognises income from provision of services only when it satisfies a performance obligation by transferring control of the promised services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria.

- The counterparty 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 counterparty controls as the asset is created or enhanced.
- 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.

The portion of the transaction price that is allocated to services satisfied at a point in time is recognised as income when control of the services transfers to the counterparty. If the services are satisfied over time, the portion of the transaction price allocated to that services is recognised as income as the services are satisfied. The Group adopts an appropriate method of measuring progress for purposes of recognising income from provision of services. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related income recognised.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Historical Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of the Company is the United States Dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information.

Recognition of revenue from customers

In determining the timing of recognition of revenue from licences of IP, the Group must use judgement to determine the nature of its promise in granting a licence. The Group's promise is to provide a right to access the IP if all of the following criteria are met: (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the IP to which the customer has rights; (b) the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities identified in (a); and (c) those activities do not result in the transfer of a good or a service to the customer as those activities occur. If the

licensed IP does not have those characteristics, the licensing contract provides a right to use this IP. Based on the nature of the licensing contracts during the Relevant Periods, the Group considered that it would not undertake any activities that significantly affect the IP thus concluded that all the licensing contracts during the Relevant Periods provided customer a right to use the IP.

At the inception of each licensing contract and the end of each subsequent reporting period, the Group evaluates whether the future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. The Group evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone of development in making this assessment. There is considerable judgement involved in determining whether it is probable that a significant reversal of cumulative revenue would not occur. During the Relevant Periods, the Group considered the nature of the milestone of development and concluded that future clinical development milestone payments were not within the control of the Group thus were not considered probable of being achieved until those milestones were achieved.

Consolidation of entities in which the Group holds less than a majority of voting rights

CTTQ-Akeso was established in Mainland China on 30 August 2019 with 50% of equity shares held by the Group and 50% by a third party respectively. The Group considers that it controls CTTQ-Akeso even though it owns only 50% of the voting rights. This is because the Group had existing rights that gave it the unilateral ability to direct the research and development activities of CTTQ-Akeso, which were the relevant activities that most significantly affected the returns of CTTQ-Akeso in the current stage.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are included in note 10 to the Historical Financial Information.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the

use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful life and/or the residual value of an item of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. Further details are included in note 2.4 to the Historical Financial Information.

Fair value of financial assets and financial liabilities at fair value through profit or loss

Certain financial assets and financial liabilities are measured at fair value at the end of each of the Relevant Periods, respectively.

Fair value of financial assets, i.e. investments in financial products, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations are based on certain assumptions about future cash flows, volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. The fair values of financial assets at fair value through profit or loss at 31 December 2018 and 2019 amounted to RMB100,115,000 and RMB722,000, respectively. Further details are included in note 18 to the Historical Financial Information.

The convertible redeemable preferred shares issued by the Company are not traded in an active market and the respective fair value is determined by using valuation techniques. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Such valuation is based on certain assumptions about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 24 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decision about resources allocation and preformation assessment.

Geographical information

(a) Revenue from customers

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Mainland China	2,826	–
USA	–	70,879
	2,826	70,879

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Mainland China	194,014	416,840
USA	187	135
	194,201	416,975

Information about major customers

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Customer A	–	70,879
Customer B	1,887	–
Customer C	939	–

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

Revenue

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Revenue from licencing fee income	2,826	70,879

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Timing of revenue recognition:		
Transferred at a point in time	2,826	70,879

Revenue recognised in performance obligations satisfied in previous periods.

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Licensing fee income not previously recognised due to constrains on variable consideration	2,826	70,879

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Revenue from licencing fee income

The performance obligation is satisfied at a point in time when the customer obtains the rights to the underlying technology.

Other income and gains, net

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Bank and other interest income	5,624	5,217
Government grant released*	12,813	36,972
Net income from lab testing services	6,319	8,098
Gain upon early-termination of a lease	2,254	–
Others	35	(101)
	27,045	50,186

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended 31 December	
	Notes	**2018**	**2019**
		RMB'000	*RMB'000*
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*)			
Wages and salaries		17,311	41,833
Pension scheme contributions		2,262	7,510
		19,573	49,343
Depreciation of property, plant and equipment	*13*	10,443	13,419
Depreciation of right-of-use assets	*14*	2,482	2,964
Amortisation of intangible assets*	*15*	46	109
Lease payments not included in the measurement of lease liabilities	*14*	–	171
Auditor's remuneration		419	339
Listing expenses		–	12,982
Foreign exchange differences, net**		323	586

* Included in "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income

** Included in "Other expenses, net" in the consolidated statements of profit or loss and other comprehensive income

7. FINANCE COSTS

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Finance cost on lease liabilities	734	385
Interest on bank and other borrowings	1,912	7,049
Total interest expense on financial liabilities not at fair value through profit of loss	2,646	7,434
Less: Interest capitalised *(note 13)*	–	(1,698)
	2,646	5,736

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Dr. XIA Yu, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Mr. XIA Yu (Ph.D.) were re-designated as executive directors of the Company on 16 November 2019.

Mr. LIN Lijun and Dr. ZHOU Yi were re-designated as non-executive directors of the Company on 16 November 2019.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as executive directors and chief executives of these subsidiaries. The remuneration of each of these directors which has been recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	2,162	4,084
Performance related bonuses	576	4,000
Pension scheme contributions	12	18
	2,750	8,102

Year ended 31 December 2018

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. XIA Yu	–	580	144	3	727
Dr. LI Baiyong	–	579	144	3	726
Dr. WANG Zhongmin Maxwell	–	467	144	3	614
Mr. XIA Yu (Ph.D.)	–	536	144	3	683
	–	2,162	576	12	2,750
Non-executive directors:					
Mr. LIN Lijun	–	–	–	–	–
Dr. ZHOU Yi	–	–	–	–	–
	–	–	–	–	–

Year ended 31 December 2019

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. XIA Yu	–	1,170	1,147	4	2,321
Dr. LI Baiyong	–	1,083	1,061	4	2,148
Dr. WANG Zhongmin Maxwell	–	903	884	5	1,792
Mr. XIA Yu (Ph.D.)	–	928	908	5	1,841
	–	4,084	4,000	18	8,102
Non-executive directors:					
Mr. LIN Lijun	–	–	–	–	–
Dr. ZHOU Yi	–	–	–	–	–
	–	–	–	–	–

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2018 and 2019 include four and four directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining highest paid employee who is neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	725	1,106
Performance related bonuses	144	967
Pension scheme contributions	1	–
	870	2,073

The numbers of non-director, highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December	
	2018	**2019**
Nil to HK$1,000,000	1	–
HK$1,000,000 to HK$2,000,000	–	1
	1	1

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits are determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for Akeso Biopharma Co., Ltd which was qualified as a High and New Technology Enterprise and was subject to a preferential income tax rate of 15% for the Relevant Periods.

The subsidiary incorporated in the USA is subject to American federal and California income tax. America federal income tax was provided at the rate of 21% during the Relevant Periods and California income tax was provided at the rate of 8.84% during the Relevant Periods on the estimated assessable profits arising in the USA.

The subsidiary incorporated in the Australia is subject to Australia income tax. Australia corporate income tax has been provided at the rate of 30% on the estimated assessable profits arising in Australia.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	RMB'000
Current		
Charge for the year	–	–
Deferred	–	–
Total tax charge for the year	–	–

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Group's major operating activities are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2018		
	Mainland China	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(122,838)	(31,516)	(154,354)
Tax at the statutory tax rate	(30,710)	(9,362)	(40,072)
Lower tax rates enacted by local authority	2,897	–	2,897
Effect of research and development expenses that are additionally deducted *(note)*	(6,702)	–	(6,702)
Income not subject to tax	–	(87)	(87)
Expenses not deductible for tax	3,127	244	3,371
Unrecognised deductible temporary differences and tax losses	31,388	9,205	40,593
Tax charge at the Group's effective rate	–	–	–

	Year ended 31 December 2019		
	Mainland China	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(195,075)	(151,379)	(346,454)
Tax at the statutory tax rate	(48,769)	(12,620)	(61,389)
Lower tax rates enacted by local authority	2,278	–	2,278
Effect of research and development expenses that are additionally deducted *(note)*	(11,077)	–	(11,077)
Income not subject to tax	–	(2,453)	(2,453)
Expenses not deductible for tax	995	143	1,138
Tax losses utilised from previous periods	–	(32)	(32)
Unrecognised deductible temporary differences and tax losses	56,573	14,962	71,535
Tax charge at the Group's effective rate	–	–	–

Note: Pursuant to Caishui [2017] circular No. 34, Akeso Biopharma Co., Ltd. enjoyed super deduction of 175% of qualifying research and development expenditures during the Relevant Periods.

The Group has tax losses in Mainland China of RMB200,179,000 and RMB457,415,000 for the years ended 31 December 2018 and 2019, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses in the USA and Australia of RMB43,952,000 and RMB98,467,000 in aggregate for the years ended 31 December 2018 and 2019, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Loss per share information is not presented as its inclusion, for the purposes of this report, is not considered meaningful because the number of ordinary shares as at each reporting date during the Relevant Periods is different from the number of ordinary shares immediately after the completion of public listing of the Group.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Machinery and equipment	Office equipment	Motor vehicles	Buildings	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2018							
At 31 December 2017 and 1 January 2018:							
Cost	9,927	53,666	1,215	915	–	283	66,006
Accumulated depreciation	(6,484)	(2,622)	(758)	(165)	–	–	(10,029)
Net carrying amount	3,443	51,044	457	750	–	283	55,977
At 1 January 2018							
Net carrying amount	3,443	51,044	457	750	–	283	55,977
Additions	1,700	23,368	787	220	64,181	1,546	91,802
Transfers	–	–	–	–	283	(283)	–
Depreciation provided during the year *(note 6)*	(2,016)	(6,290)	(192)	(82)	(1,863)	–	(10,443)
Exchange realignment	–	9	–	–	–	–	9
At 31 December 2018							
Net carrying amount	3,127	68,131	1,052	888	62,601	1,546	137,345

	Leasehold Improvements	Machinery and equipment	Office equipment	Motor vehicles	Buildings	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018:							
Cost	11,627	77,043	2,002	1,135	64,464	1,546	157,817
Accumulated depreciation	(8,500)	(8,912)	(950)	(247)	(1,863)	–	(20,472)
Net carrying amount	3,127	68,131	1,052	888	62,601	1,546	137,345
31 December 2019							
At 31 December 2018 and 1 January 2019:							
Cost	11,627	77,043	2,002	1,135	64,464	1,546	157,817
Accumulated depreciation	(8,500)	(8,912)	(950)	(247)	(1,863)	–	(20,472)
Net carrying amount	3,127	68,131	1,052	888	62,601	1,546	137,345
At 1 January 2019							
Net carrying amount	3,127	68,131	1,052	888	62,601	1,546	137,345
Additions	1,189	16,994	1,168	252	125	68,655	88,383
Interest capitalised *(note 7)*	–	–	–	–	–	1,698	1,698
Depreciation provided during the year *(note 6)*	(1,876)	(7,969)	(298)	(102)	(3,174)	–	(13,419)
Exchange realignment	–	(2)	–	–	–	–	(2)
At 31 December 2019							
Net carrying amount	2,440	77,154	1,922	1,038	59,552	71,899	214,005
At 31 December 2019:							
Cost	12,816	94,035	3,170	1,387	64,589	71,899	247,896
Accumulated depreciation	(10,376)	(16,881)	(1,248)	(349)	(5,037)	–	(33,891)
Net carrying amount	2,440	77,154	1,922	1,038	59,552	71,899	214,005

The Group's buildings with a net carrying amount of RMB62,601,000 and RMB59,552,000, respectively, and certain of the Group's construction in progress with a net carrying amount of nil and RMB69,208,028, respectively, as at 31 December 2018 and 2019 were pledged to secure bank loans and other borrowings (note 22).

14. RIGHT-OF-USE ASSETS, ADVANCED PAYMENTS FOR ACQUISITION OF LAND USE RIGHTS, AND LEASE LIABILITIES

The Group had lease contracts for plant and buildings, machinery and land use rights with lease terms of 2 to 50 years during the Relevant Periods.

	Right-of-use assets				Lease liabilities
	Plant and buildings *RMB'000*	Machinery *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*	*RMB'000*
As at 31 December 2018					
At 1 January 2018	20,043	5,618	–	25,661	29,372
Additions	564	–	47,908	48,472	564
Depreciation charged (note 6)	(629)	(1,055)	(798)	(2,482)	–
Interest expense (note 7)	–	–	–	–	734
Remeasurement resulting from early termination of a lease	(19,602)	–	–	(19,602)	(21,856)
Payments	–	–	–	–	(2,327)
At 31 December 2018	376	4,563	47,110	52,049	6,487
As at 31 December 2019					
At 1 January 2019	376	4,563	47,110	52,049	6,487
Additions	3,320	–	–	3,320	3,320
Depreciation charged (note 6)	(950)	(1,055)	(959)	(2,964)	–
Interest expense (note 7)	–	–	–	–	385
Payments	–	–	–	–	(2,852)
At 31 December 2019	2,746	3,508	46,151	52,405	7,340

	As at 31 December 2018	As at 31 December 2019
	RMB'000	*RMB'000*
Analysed into:		
Lease liabilities:		
Within one year or on demand	1,532	2,859
In the second year	1,439	2,014
In the third to fifth years, inclusive	3,506	2,467
Beyond five years	10	–
	6,487	7,340

Balance of advance payments for acquisition of land use rights as at 31 December 2019 represented the advanced payments made by the Group for acquisition of a parcel of land in Zhongshan, which was acquired by the Group subsequent to 31 December 2019.

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Amounts recognised in profit or loss

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Interest on lease liabilities (note 7)	734	385
Expenses relating to short-term leases (note 6)	–	171
	734	556

15. INTANGIBLE ASSETS

	Software
	RMB'000
31 December 2018	
Cost at 1 January 2018, net of accumulated amortisation	205
Additions	38
Amortisation provided during the year *(note 6)*	(46)
At 31 December 2018	197
At 31 December 2018:	
Cost	275
Accumulated amortisation	(78)
Net carrying amount	197
31 December 2019	
Cost at 1 January 2019, net of accumulated amortisation	197
Additions	412
Amortisation provided during the year *(note 6)*	(109)
At 31 December 2019	500
At 31 December 2019:	
Cost	687
Accumulated amortisation	(187)
Net carrying amount	500

16. INVENTORIES

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Raw materials	16,969	15,523

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Value-added tax recoverable	20,151	37,974
Prepayments	5,469	11,656
Deposits	230	1,025
Other receivables	770	707
	26,620	51,362

The balances are interest-free and are not secured with collateral.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

Other receivables and deposits had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected loss rate for other receivables and deposits is minimal.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Investments in financial products, at fair value	100,115	722

The above investments represented investment in financial products which were issued by banks with expected interest rates ranging from 1.75% to 2.2% per annum and can be redeemed at any time. The returns on all of these financial products are not guaranteed. The fair values of the investments approximate to their costs plus expected interest.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash and bank balances	313,716	1,186,044
Time deposits	97	2,263
	313,813	1,188,307
Less: Pledged time deposits		
Pledged for overdraft facilities	(97)	(98)
Restricted cash*	–	(2,165)
Cash and cash equivalents	313,716	1,186,044
Denominated in:		
RMB	230,282	527,936
USD	82,846	654,730
Others	588	3,378
Cash and cash equivalents	313,716	1,186,044

* The restricted cash as at 31 December 2019 was pledged as security for the procurement of machinery and equipment as required by a supplier of the Group and for the execution of the land use right contact of a subsidiary of the Group entered into with the local authority in Mainland China during the year ended 2019.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Company

	As at 31 December 2019
	RMB'000
Cash and bank balances	455,428
Denominated in:	
USD	455,428

20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Within 3 months	41,890	41,974
3 to 6 months	4,390	840
6 months to 1 year	1,064	109
Over 1 year	5	–
	47,349	42,923

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

21. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Payroll payable	4,416	13,986
Accruals	2,396	2,937
Other tax payables	132	455
Receipt in advance	2,736	299
Other payables	487	16,782
	10,167	34,459

Other payables are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2018			As at 31 December 2019		
	Effective interest rate	Maturity	*RMB'000*	Effective interest rate	Maturity	*RMB'000*
	(%)			*(%)*		
Current						
Bank overdrafts – unsecured	N/A	On demand	15	–	On demand	15
Bank loans – secured	4.79	2019	11,000	4.35-4.9	2020	33,000
Current portion of convertible loans – unsecured	*note (c)*	*note (c)*	9,545	–	–	–
Current portion of long term bank loans – secured	5.23-5.39	2019	4,900	5.23-5.39	2020	5,080
			25,460			38,095
Non-current						
Bank loans – secured	5.23-5.39	2020-2028	33,100	5.23-5.39	2021-2028	31,620
Convertible loans – secured	–	–	–	*note (d)*	*note (d)*	75,000
Liability component of convertible redeemable preferred shares	–	–	–	*note (e)*	*note (e)*	66,660
			33,100			173,280
			58,560			211,375

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	15,915	38,095
In the second year	4,900	13,760
In the third to fifth years, inclusive	19,200	10,860
Beyond five years	9,000	7,000
	49,015	69,715
Analysed into:		
Other borrowings:		
Within one year	9,545	–
In the second year	–	–
In the third to fifth years, inclusive	–	141,660
Beyond five years	–	–
	9,545	141,660
Total	58,560	211,375

Note:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain intellectual property of the Group, which had a net carrying value of nil and nil as at 31 December 2018 and 2019, respectively;

(ii) mortgages over buildings of the Group, which had net carrying values of RMB62,601,000 and RMB59,552,000 as at 31 December 2018 and 2019, respectively.

(b) Certain directors of the Company provided guarantees to certain subsidiaries of the Group in respect of banking facilities of RMB20,000,000 and RMB60,000,000 as at 31 December 2018 and 2019, respectively, of which RMB20,000,000 and RMB33,200,000 were outstanding under the banking facilities as at 31 December 2018 and 2019, respectively.

(c) On 19 December 2016, certain subsidiaries of the Group borrowed convertible loans amounting to RMB10,000,000 from an independent third party (the "Lender"). According to the loan agreement, the convertible loans will be interest-free if they are fully repaid in three years, otherwise the convertible loans bear interest at the quoted five-year borrowing rate from the People's Bank of China per annum from the fourth year. If the convertible loans could not be repaid in full in five years, an option (the "Convertible Right 1") to convert the unpaid principal into ordinary shares of those subsidiaries would be granted to the Lender. The convertible loans were repaid in full in December 2019. The fair value of the Convertible Right 1 was assessed to be minimal during the Relevant Periods.

(d) On 23 July 2019, a subsidiary of the Group borrowed a convertible loan amounting to RMB75,000,000 from the non-controlling shareholder of the subsidiary. According to the loan agreement, the convertible loan bears interest at 6.5% per annum and is secured by the equity interest of the subsidiary held by the Group and the constructions in progress of the subsidiary with a net carrying amount of RMB69,208,028 as at 31 December 2019. The convertible loan is due on 31 December 2023. Under the loan agreement, an option (the "Convertible Right 2") to convert the unpaid principal and the related interest into ordinary shares of the subsidiary will be granted to its non-controlling shareholder under certain conditions. The outstanding balance of the convertible loan was RMB75,000,000 as at 31 December 2019. The fair value of the Convertible Right 2 was assessed to be minimal for the year ended 31 December 2019.

(e) As detailed in note 24 and note 25 to the Historical Financial Information, the Series B Preferred Shares I which were re-designated and reclassified from ordinary shares during the year have been split into the liability and equity components as follows:

	As at 31 December 2019 *RMB'000*
Fair value of the Series B Preferred Shares I reclassified from ordinary shares during the year	157,143
Equity component	(92,213)
Liability component	64,930
Interest expense (effective interest rate of 20.4%)	2,157
Currency translation differences	(427)
Liability component at 31 December 2019	66,660

(f) Except for overdraft and liability component of convertible redeemable preferred shares which were denominated in United States dollars, all borrowings were denominated in RMB.

23. DEFERRED INCOME

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Government grant	39,332	60,149

The movements in deferred income during the Relevant Periods are as follows:

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
At beginning of year	21,699	39,332
Grants received during the year	30,446	44,424
Amount released	(12,813)	(23,607)
At end of year	39,332	60,149

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, award for the new drugs development and capital expenditure incurred on certain projects.

24. PREFERRED SHARES

Group and Company

In November 2019, the Company issued 90,978,960 Series D Preferred Shares at a price of US$1.38249 per share for a total consideration of US$126.0 million and certain existing shareholders also sold a total of 12,635,967 ordinary Shares, which were then re-designated and reclassified as Series D Preferred Shares, to certain new investors at the same price. All series D Preferred Shares are convertible and redeemable. At the same time, all the ordinary Shares held by the other Pre-IPO Investors were re-designated and reclassified as 88,417,200 Series A Preferred Shares, 102,357,109 Series B Preferred Shares and 24,369,600 Series C Preferred Shares, with a par value of US$0.0001 each, respectively. All Series A Preferred Shares and Series C Preferred Shares are convertible. 17,157,109 Series B Preferred Shares are convertible and redeemable (the "Series B Preferred Share I" as defined below), while the other 85,200,000 Series B Preferred Shares are convertible (the "Series B Preferred Share II). Capitalized terms used herein but not defined shall have the meanings given in the Second Amended and Restated Memorandum and Articles of Association of the Company (as amended from time to time, the "Articles").

The key terms of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares (collectively, "Preferred Shares") which management of the Company considered when determining the accounting for these Preferred Shares are summarized as follows:

Conversion features

The holders of the Preferred Shares have the following conversion rights described below with respect to the conversion of the Preferred Shares into ordinary shares. The number of Ordinary Share to which a holder shall be entitled upon conversion of any Preferred Share shall be the quotient of the applicable original issue price divided by the then-effective Applicable Conversion Price. The "Applicable Conversion Price" shall initially be the Series A Original Issue Price with respect to Series A Preferred Shares, the Series B Original Issue Price with respect to Series B Preferred Shares, the Series C Original Issue Price with respect to Series C Preferred Shares and the Series D Original Issue Price with respect to Series D Preferred Shares, as applicable, and each shall be adjusted from time to time pursuant to the Articles (the "Applicable Conversion Price" and each a "Conversion Price"). For the avoidance of doubt, the initial conversion ratio for any Preferred Shares to ordinary shares shall be 1:1.

(a) Optional Conversion: subject to the provisions set forth in the Articles, any Preferred Share may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable Ordinary shares based on the then-effective Applicable Conversion Price.

(b) Automatic Conversion: without any action being required by the holder of such share and whether or not the certificates representing such share are surrendered to the Company or its transfer agent, each Preferred Share shall automatically be converted, based on the then-effective Applicable Conversion Price, into ordinary shares upon the closing of an IPO.

Anti-dilution

In the event that the Company shall issue new securities at any time after the date hereof for a consideration per share received by the Company (net of any selling concessions, discounts or commissions) that is less than the Applicable Conversion Price in effect of any Series D Preferred Shares on the date of and immediately prior to such issue, then and in such event, the Applicable Conversion Price of such Series D Preferred Shares shall be reduced, concurrently with such issue, to a price equal to the issue price per share at which such new securities are issued.

Redemption features

Series D Preferred Shares Redemption: at any time after the earlier of (i) the occurrence of any material misrepresentation or inaccuracy in or breach by any Group Company or any of the key holders of any of their respective representations, warranties, agreements, covenants or undertakings under the transaction documents in connection with the Company's Series D financing, (ii) the third (3rd) anniversary of the Series D original issue date if no IPO has occurred, or (iii) any holder of any other series or class of Shares of the Company has requested the Company to redeem any such Shares pursuant to these Articles, at the option of any holder(s) of any Series D Preferred Share(s), each Series D Preferred Share held by such holder(s) and requested to be redeemed by such holder(s) shall be redeemable, out of funds legally available therefor in accordance with the respective terms in the Articles. The redemption price with respect to each Series D Preferred Share (the "Series D Redemption Price") shall be equal to the amount of (aa) the Series D original issue price (as adjusted for any share splits, share combinations, share dividends, reclassifications, recapitalizations or the like), together with a compound interest computed at a rate of 12% per annum (on the basis of actual days elapsed in a 365-day year and the actual number of days elapsed, commencing on the Series D original issue date until the full payment of the Series D Redemption Price), plus (bb) all declared but unpaid dividends thereto.

Other Preferred Shares Redemption. At any time after the earlier of (i) the occurrence of any breach by HK Company of any of its representations or warranties under certain Capital Increase Contract dated August, 2017 by and among the HK Company, the certain subsidiaries of the Company, the founders, and certain investors, or (ii) December 31, 2023, if no IPO has occurred, but prior to the first submission of the A-1 filings by the Company, at the option of any of the certain investors (collectively, the "Other Redemption Right Holders"), each Series B Preferred Share held by such Other Redemption Right Holder(s) ("Series B Preferred Shares I") and requested to be redeemed by such Other Redemption Right Holder(s) shall be redeemable, out of funds legally available therefor in accordance with the respective terms in the Articles. The redemption price with respect to each of the Series B Preferred Shares (the "Series B Redemption Price") shall be equal to the amount of (aa) the applicable Series B Original Issue Price (as adjusted for any share splits, share combinations, share dividends, reclassifications, recapitalizations or the like), together with a simple interest computed at a rate of 10% per annum (on the basis of actual days elapsed in a 365-day year and the actual number of days elapsed, commencing on the applicable Series B Original Issue Date until the full payment of the Series B Redemption Price), plus (bb) all declared but unpaid dividends thereto.

Dividend rights

Subject to provisions set forth in the Articles, the Directors may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorize payment of the same out of the funds of the Company lawfully available therefor. The dividends shall be declared or paid on all the ordinary shares and Preferred Shares ratably on an as-converted basis, out of any funds legally available therefor; provided that such dividends shall be payable only when, as, and if declared by the Board of Directors.

Presentation and classification

The Group does not bifurcate any embedded derivatives from Series D Preferred Shares and designates the entire instruments as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income, if any. Series D Preferred Shares are presented as a separate line item "convertible redeemable preferred shares" in the statements of financial position.

For the Series B Preferred Shares I, they are classified as compound financial liabilities and are bifurcated into liability component and equity component, further details of which are disclosed in note 22 to the Historical Financial Information.

For Series A Preferred Shares, the Series B Preferred Shares II and Series C Preferred Shares, they are included in equity attributable to owners of the parent, among which the par value is included in share capital, further details of which are disclosed in note 25 to the Historical Financial Information.

The movements of Series D Preferred Shares are set out below:

	RMB'000
At 1 January 2019	–
Issuance of 90,978,960 Series D Preferred Shares	888,506
Re-designated and reclassified from ordinary shares*	120,971
Changes in fair value	97,382
Currency translation differences	(7,296)
At 31 December 2019	1,099,563

* In November 2019, certain existing shareholders sold a total of 12,635,967 Ordinary Shares, which were then re-designated and reclassified as Series D Preferred Shares, to certain new investors.

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of Series D Preferred Shares. Key assumptions are set out below:

	As at 31 December 2019
Discount rate	13.45%
Risk-free interest rate	2.41%~2.81%
Discount for lack of marketability ("DLOM")	11.95%
Volatility	37.62%~40.76%

The discount rate (post tax) was estimated by the weighted average cost of capital as of the valuation date. The Group estimated the risk-free interest rate based on the yield of China Government Bond as of the valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. The volatility was estimated based on historical volatility of comparable companies as of the valuation date. Probability weight under each of the redemption features and liquidation preferences were based on the Group's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Series D Preferred Shares on the valuation date.

Management considered that fair value changes of Series D Preferred Shares that were attributable to changes of credit risk of these instruments were not material.

25. SHARE CAPITAL

Ordinary shares and preferred shares

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 January 2019. In June 2019, the authorised share capital of US$1 was divided into 100,000 shares with a par value of US$0.00001 each and was increased to US$50,000 divided into 5,000,000,000 shares with a par value of US$0.00001 each.

	As at 31 December 2019
	RMB'000
Issued and fully paid:	
284,879,340 ordinary shares of US$0.00001 each	20
197,986,800 preferred shares of US$0.00001 each	14
	34

Movement in the Company's issued share capital from 30 January 2019 (date of incorporation) to 31 December 2019 was as follows:

	Numbers of preferred shares	Numbers of ordinary shares	Share capital
			RMB'000
At 30 January 2019 (date of incorporation)	–	–	–
Issue of ordinary shares during the period	–	512,659,216	36
Re-designated and reclassified as preferred shares*#	197,986,800	(215,143,909)	(1)
Re-designated and reclassified as Series D Preferred Shares *(note 24)*#	–	(12,635,967)	(1)
At 31 December 2019	197,986,800	284,879,340	34

* As detailed in note 24 to the Historical Financial Information, all the ordinary shares held by the other Pre-IPO Investors were re-designated and reclassified as 88,417,200 Series A Preferred Shares, 102,357,109 Series B Preferred Shares and 24,369,600 Series C Preferred Shares, respectively, among which, 17,157,109 Series B Preferred Shares are reclassified as compound financial liabilities as detailed in note 22 to the Historical Financial Information.

\# As a result of the re-designation and reclassification of certain ordinary shares as the Series B Preferred Shares I and Series D Preferred Shares in November 2019, share capital and the share premium of ordinary shares included in capital reserve, together, were reduced by the amount of fair value of the Series B Preferred Shares I and Series D Preferred Shares totaling RMB278,114,000.

26. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

Capital reserve

The Group's capital reserve mainly includes the share premium of the ordinary shares of the Company, the share premiums of Series A Preferred Shares, the Series B Preferred Shares II and Series C Preferred Shares, the equity component of the Series B Preferred Shares I and the accumulated effects of the other equity transactions (i.e. the completion of the Reorganisation and the changes in non-controlling interests without losing control of a subsidiary).

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

Company

	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 January 2019 (date of incorporation)	–	–	–	–
Loss for the period	–	–	(101,927)	(101,927)
Other comprehensive loss for the period:				
Translation from functional currency to presentation currency	–	(8,195)	–	(8,195)
Total comprehensive loss for the period	–	(8,195)	(101,927)	(110,122)
Issue of shares	321,053	–	–	321,053
Re-designated and reclassified into convertible redeemable preferred shares	(278,112)	–	–	(278,112)
Equity component of the Series B Preferred Shares I	92,213	–	–	92,213
At 31 December 2019	135,154	(8,195)	(101,927)	25,032

27. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Percentage of equity interest held by non-controlling interests:		
CTTQ-Akeso	-	50%
AD Pharma	35%	35%
Loss for the year allocated to non-controlling interests:		
CTTQ-Akeso	-	(216)
AD Pharma	(10,873)	(9,051)
Accumulated balances of non-controlling interests at the reporting date:		
CTTQ-Akeso	–	172,147
AD Pharma	40,320	45,154

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2018

	AD Pharma
	RMB'000
Revenue	-
Other income and gains	603
Total expenses	(41,014)
Loss for the year	(40,411)
Total comprehensive loss for the year	(40,411)
Current assets	32,115
Non-current assets	96,351
Current liabilities	(16,651)
Non-current liabilities	(98)
Net cash flows used in operating activities	(18,953)
Net cash flows used in investing activities	(1,659)
Net cash flows from financing activities	20,000
Net increase in cash and cash equivalents	(612)

2019

	AD Pharma	**CTTQ-Akeso**
	RMB'000	*RMB'000*
Revenue	–	–
Other income and gains	392	199
Total expenses	(35,600)	(630)
Loss for the year	(35,208)	(431)
Total comprehensive loss for the year	(35,208)	(431)
Current assets	38,187	172,277
Non-current assets	94,579	1,708
Current liabilities	(20,430)	(1,021)
Non-current liabilities	(3,577)	(1,034)
Net cash flows used in operating activities	(33,015)	(73,240)
Net cash flows used in investing activities	(7,804)	(65)
Net cash flows from financing activities	39,670	172,363
Net increase/(decrease) in cash and cash equivalents	(1,149)	99,058

28. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Bank and other loans	Lease liabilities	Convertible redeemable preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	26,434	29,372	–	55,806
Changes from financing cash flows	29,689	(2,327)	–	27,362
New leases entered during the year	–	564	–	564
Finance costs on lease liabilities	–	734	–	734
Remeasurement upon early termination of a lease	–	(21,856)	–	(21,856)
Interest expense	2,422	–	–	2,422
At 31 December 2018 and 1 January 2019	58,545	6,487	–	65,032
Changes from financing cash flows	82,506	(2,852)	888,506	968,160
Re-designated and reclassified from ordinary shares	64,930	–	120,971	185,901
New leases entered during the year	–	3,320	–	3,320
Changes in fair value	–	–	97,382	97,382
Currency translation differences	(427)	–	(7,296)	(7,723)
Finance costs on lease liabilities	–	385	–	385
Interest expense	5,806	–	–	5,806
At 31 December 2019	211,360	7,340	1,099,563	1,318,263

During the years ended 31 December 2018 and 2019, the total cash outflow for leases included in the statements of cash flows is RMB2,327,000 and RMB3,023,000, respectively, among which nil and RMB171,000 are within operating activities, RMB2,327,000 and RMB2,852,000 are within financing activities, respectively.

29. CONTINGENT ASSETS/LIABILITIES

In February 2019, a subsidiary of the Group brought a breach of contract claim against Sichuan Kelun Drug Research Institute Co., Ltd. ("Sichuan Kelun") based on Sichuan Kelun's failure to perform its contractual obligations pursuant to the collaboration agreement entered between the subsidiary and Sichuan Kelun (the "Kelun Collaboration Agreement"). Taking into account the opinion of the Group's legal counsel that it was premature to speculate the outcome of such claim as at the date of this report, the directors considered that the amount receivable in respect of the claim cannot be reliably measured and therefore no such asset was recognised during the Relevant Periods.

In September 2019, Sichuan Kelun filed a counterclaim and alleged that the subsidiary did not perform its contractual obligations under the Kelun Collaboration Agreement. Taking into account the opinion of the Group's legal counsel that the suit had not entered into substantive hearing stage as at the date of this report, the directors believed that the subsidiary had a valid defence against the allegation and, accordingly, the Group has not provide for any claim arising from the litigation, other than the related legal and other costs.

30. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Plant and machinery	8,125	268,134

31. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

(a) Compensation of key management personnel of the Group:

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Short term employee benefits	4,398	13,247
Pension scheme contributions	25	42
Total compensation paid to key management personnel	4,423	13,289

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

(b) Other transactions with related parties:

Certain directors of the Company provided guarantee to certain subsidiaries of the Group in respect of banking facilities as further detailed in notes 22(b) to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2018

Financial assets

	Financial assets at amortised cost	**Financial assets at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	313,716	–	313,716
Financial assets included in prepayments, other receivables and other assets	1,000	–	1,000
Financial assets at fair value through profit or loss	–	100,115	100,115
Pledged deposits	97	–	97
	314,813	100,115	414,928

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Interest-bearing bank and other borrowings	58,560
Lease liabilities	6,487
Trade payables	47,349
Financial liabilities included in other payables and accruals	487
	112,883

As at 31 December 2019

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,186,044	–	1,186,044
Financial assets included in prepayments, other receivables and other assets	1,732	–	1,732
Financial assets at fair value through profit or loss	–	772	772
Pledged deposits	2,263	–	2,263
	1,190,039	772	1,190,811

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	211,375	–	211,375
Lease liabilities	7,340	–	7,340
Trade payables	42,923	–	42,923
Financial liabilities included in other payables and accruals	16,782	–	16,782
Convertible redeemable preferred shares	–	1,099,563	1,099,563
	278,420	1,099,563	1,377,983

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	As at 31 December		As at 31 December	
	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss	100,115	772	100,115	772
Financial liabilities				
Convertible redeemable preferred shares	–	1,099,563	–	1,099,563

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade payables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, current lease liabilities and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the non-current portion of interest-bearing bank and other borrowings and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2018 and 2019 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	100,115	–	100,115

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	772	–	772

Liabilities measured at fair value:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss:				
Convertible redeemable preferred shares	–	–	1,099,563	1,099,563

Below is a summary of significant unobservable inputs to the valuation of the convertible redeemable preferred shares together with a quantitative sensitivity analysis as at 31 December 2019.

Significant unobservable inputs	Sensitivity of fair value of the input
Discount rate	Increase in 1% would result in decrease in fair value by RMB205,780,000; Decrease in 1% would result in increase in fair value by RMB263,223,000
Risk-free interest rate	Increase in 1% would result in decrease in fair value by RMB3,332,000; Decrease in 1% would result in increase in fair value by RMB3,494,000
Discount for Lack of Marketability ("DLOM")	Increase in 1% would result in decrease in fair value by RMB11,883,000; Decrease in 1% would result in increase in fair value by RMB11,888,000
Volatility	Increase in 1% would result in increase in fair value by RMB473,000; Decrease in 1% would result in decrease in fair value by RMB498,000

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, lease liabilities, convertible redeemable preferred shares, financial assets at fair value through profit or loss, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

Increase/(decrease) in loss before tax

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Increase in the US$ rate by 5%	(357)	(1,254)
Decrease in the US$ rate by 5%	357	1,254

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which primarily comprise cash and cash equivalents, pledged deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging as at 31 December 2018 and 2019

	31 December 2018 12-month ECLs	**31 December 2019 12-month ECLs**
	Stage 1	**Stage 1**
	RMB'000	*RMB'000*
Financial assets included in prepayments, other receivables and other assets		
– Normal*	1,000	1,732
Pledged deposits		
– Not yet past due	97	2,263
Cash and cash equivalents		
– Not yet past due	313,716	1,186,044
	314,813	1,190,039

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain continuity of funding. The maturity profile of the Group's financial liabilities as at 31 December 2018 and 2019, based on the contractual undiscounted payments, is as follows:

As at 31 December 2018

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	5,459	41,890	–	–	47,349
Financial liabilities included in other payables and accruals	487	–	–	–	487
Lease liabilities	–	1,828	5,395	10	7,233
Interest-bearing bank and other borrowings	15	25,879	29,363	10,118	65,375
	5,961	69,597	34,758	10,128	120,444

As at 31 December 2019

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	949	41,974	–	–	42,923
Financial liabilities included in other payables and accruals	16,782	–	–	–	16,782
Lease liabilities	–	3,141	4,796	–	7,937
Interest-bearing bank and other borrowings	15	38,991	264,552	7,707	311,265
Convertible redeemable preferred shares (note)	–	–	1,406,452	–	1,406,452
	17,746	84,106	1,675,800	7,707	1,785,359

Note: The liquidity risk of convertible redeemable preferred shares is the original issue price of Series D Preferred Shares plus the respective predetermined interest (the "redemption amount"), assuming that no consummation of public offering of the Company's shares before the third anniversary of the original issue date and the holders of the Series D Preferred Shares request the Company to redeem all of the Series D Preferred Shares.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

35. EVENTS AFTER THE REPORTING PERIOD

There has been an outbreak of COVID-19 around the world.

Management of the Company currently expected that clinical trials in and outside of Mainland China will not be significantly affected by the outbreak of COVID-19. The Directors believe that, based on the information available as of the date of this report, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or material impact on the financial position or financial performance of the Group.

It is uncertain when, and whether, COVID-19 could be contained. The above analysis is made by management of the Company based on the currently available information concerning COVID-19. Management of the Company cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our results of operations.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 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 has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as at 31 December 2019 or at any future date.

	Audited consolidated net tangible liabilities attributable to owners of the parent as at 31 December 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on an Offer Price of HK$14.88 per Share	(6,853)	2,032,910	2,026,057	2.65	2.92
Based on an Offer Price of HK$16.18 per Share	(6,853)	2,213,712	2,206,859	2.89	3.18

Notes:

(1) The consolidated net tangible liabilities attributable to owners of the parent as at 31 December 2019 is arrived at after deducting intangible assets of RMB500,000 from the audited net liabilities attributable to owners of the parent of RMB6,353,000 as at 31 December 2019, as shown in the the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$14.88 per Share or HK$16.18 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 763,133,176 Shares are in issue assuming the Global Offering has been completed on 31 December 2019.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.9084 to HK$1.00.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Akeso, Inc. 康方生物科技(開曼)有限公司

We have completed our assurance engagement to report on the compilation of pro forma financial information of Akeso, Inc. 康方生物科技(開曼)有限公司 (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 adjusted financial information consists of the pro forma consolidated net tangible assets as at 31 December 2019 and related notes as set out on page II-1 and II-2 of the prospectus dated 14 April 2020 (the "Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-1 and II-2 of the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2019 as if the transaction had taken place at 31 December 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2019, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* 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*, 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 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 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 Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the 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 transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
14 April 2020

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and certain aspects of Cayman company law.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on April 7, 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on April 7, 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company at the date of adoption of the Articles is US$50,000 divided into 5,000,000,000 shares of US$0.00001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard

to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Cayman Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding

company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The number of Directors shall not be less than two.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director).

The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director,

either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors and which Directors who are to retire by rotation at such meeting.

No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors. The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by a notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Cayman Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred

or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives), and any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a 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 proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so 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 entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

Extraordinary general meetings may be convened on the requisition of two or more shareholders (or any one member which is a recognized clearing house (or its nominee(s)) 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.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a statement of financial position as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may, in its absolute discretion, and without assigning any reason, refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase. The holder of the shares being purchased shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Directors shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Cayman Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit

on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend may be paid or declared, the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall

(subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the bolder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per

annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 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 which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or

existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2019 under the Cayman Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Cayman Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Law provides

that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Law, 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. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Cayman Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Cayman Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Cayman Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Cayman Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Cayman Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories

(shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Campbells, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands on January 30, 2019 under the Companies Law as an exempted company with limited liability. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum of Association and Articles of Association is set out in Appendix III to this prospectus.

Our principal 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 February 26, 2020. Ms. CHAN Pung Fei has been appointed as our agent for the acceptance of service of process and notices in 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 January 30, 2019. The initial authorized share capital of our Company was US$1.00 divided into 1 Share of US$1.00 each. On the same day, 1 subscriber share was allotted and issued to our initial subscriber, Harneys Fiduciary (Cayman) Limited, which was then transferred to Goldenband Ltd., a company wholly owned by Dr. XIA at the time, at par value.

The following alterations in the share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

(a) In preparation for the Listing, on June 13, 2019, the authorized share capital of our Company was increased to USD50,000.00 and divided into 5,000,000,000 Shares of US$0.00001 each. 1 Share of US$1.00 issued to Harneys Fiduciary (Cayman) Limited was cancelled. 100,000 Shares of US$0.00001 were issued and allotted to Goldenband Ltd.

(b) On July 9, 2019, our Company allotted and issued 400 Shares to the following shareholders:

Name	No. of Shares
LI LLC	100
LI Trust	100
WANG LLC	100
WANG Trust	100

(c) On July 10, 2019, our Company allotted and issued 416,535 Shares to the following shareholders:

Name	No. of Shares
XIA LLC	15,492
XIA Trust	28,771
LI LLC	19,291
LI Trust	77,466
WANG LLC	60,541
WANG Trust	30,221
Waterband Limited	71,719
NineSuns Holding Limited	30,494
Aquae Hyperion Limited	82,540

(d) On September 20, 2019, our Company allotted and issued 479,252,665 Shares to the following shareholders:

Name	No. of Shares
XIA Trust	58,052,765
XIA LLC	20,956,721
LI Trust	41,437,884
LI LLC	10,915,249
WANG Trust	14,735,341
WANG LLC	31,432,240
Waterband Limited	35,645,517
NineSuns Holding Limited	14,599,888
Aquae Hyperion Limited	19,717,460
Shenzhen Roizman	3,960,000
Kangsheng Investment	4,569,000
Roizman II	1,142,400
Gaotejia Investment Management Co., Ltd.	39,600,000
Qianhai Fund	20,160,000
Shenzhen QingChi Investment Partnership (Limited Partnership)	12,946,500
Chuangrui	7,590,000
Jianxin Global Limited	5,130,000
Heqixin Capital Limited	5,130,000
Zhongshan Xunying	45,600,000
Zhongshan Xunxiang	19,740,000
GDHT Ventures Limited	948,000
GZKX Ventures Limited	10,800,000
GZTK Ventures Limited	1,386,000
FSJC Ventures Limited	1,386,000
HTKF Investments Limited	45,960,000
SCGC Capital Holding Company Limited	5,711,700

(e) On November 1, 2019, our Company re-classified and re-designated our authorized share capital into (i) 4,681,241,164 ordinary Shares, (ii) 88,417,200 Series A Preferred Shares, (iii) 102,357,109 Series B Preferred Shares, (iv) 24,369,600 Series C Preferred Shares and (v) 103,614,927 Series D Preferred Shares.

(f) On November 1, 2019, our Company issued and allotted 123,868,576 Shares to the following shareholders:

Name	**No. of Shares**
XIA Trust	3,724,842
LI Trust	2,223,104
WANG Trust	980,780
Waterband Limited	490,391
Aquae Hyperion Limited	25,470,499
Loyal Valley Capital Advantage Fund II LP	19,495,491
Wealth Shine Asia Pacific Ltd.	2,166,166
LBC Sunshine Healthcare Fund L.P.	10,830,829
Sino Biopharmaceutical Limited	12,996,994
Changan Revisited SPC - Weiyang SP	1,444,110
CRF Investment Holdings Company Limited	10,505,904
CDG Group Fund L.P.	324,925
Red Earth Innovation International Company Limited	10,830,829
Worldstar Global Holdings Limited	5,776,442
AIHC Master Fund	5,054,387
OrbiMed Partners Master Fund Limited	4,332,331
Hankang Biotech Fund I, L.P.	3,610,276
Apricot Bioscience Holdings, L.P.	3,610,276

(g) Immediately following the completion of the Global Offering and assuming that the Over Allotment Option is not exercised, the authorised share capital of the Company will be US$50,000 divided into 5,000,000,000 Shares of which 804,851,176 will be fully paid or credited as fully paid and 4,195,148,824 Shares will remain unissued.

Save as disclosed above and in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of our Subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Akeso Biopharma

On September 25, 2018, the registered capital of Akeso Biopharma increased from RMB151,800,000 to RMB158,019,300, with Series C Preferred Shareholders contributing RMB6,219,300 in cash.

On February 18, 2019, the registered capital of Akeso Biopharma increased from RMB158,019,300 to RMB159,923,200, with SCGC contributing RMB1,903,900 in cash.

On November 18, 2019, the registered capital of Akeso Biopharma increased from RMB159,923,200 to RMB1,333,200,000, with Akeso HK contributing RMB1,173,276,800 in cash.

Akeso Bioscience

On June 13, 2019, Akeso Bioscience Co., Ltd. was incorporated in the PRC with a registered capital of RMB50,000,000 and the entire registered capital was contributed by Akeso HK.

Akeso BVI

On June 13, 2019, Akeso (BVI), Inc. was incorporated in the British Virgin Islands with an authorised share capital of USD50,000. Our Company held the entire issued share capital in Akeso (BVI), Inc.

Akeso Pharma

On January 7, 2019, the registered capital of Akeso Pharma Co., Ltd. increased from RMB50,000,000 to RMB100,000,000.

Akeso-Sino Pharma

On April 30, 2019, Akeso-Sino Pharma Co., Ltd. was incorporated in the PRC with a registered share capital of RMB100,000,000, and the entire registered capital was contributed by Akeso Biopharma.

CTTQ-Akeso

On August 30, 2019, CTTQ-Akeso was incorporated in the PRC with a registered share capital of RMB689,450,000, with Akeso Biopharma contributing RMB344,725,000 in intellectual property and CTTQ Pharmaceutical Group Co., Ltd. contributing RMB344,725,000 in cash.

Zhong Kang Tai He

On September 14, 2018, Zhong Kang Tai He Beijing Bioscience Co., Ltd. was incorporated in the PRC with a registered share capital of RMB1,000,000. The capital in the amount of RMB510,000 and RMB490,000 were contributed by Akeso Biopharma and China National Biotec Group Co., Ltd. respectively.

4. Resolutions of the Shareholders of the Company

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on April 7, 2020, it was resolved, among others:

(a) the Memorandum and Articles of Association were approved and adopted, and will come into effect upon Listing;

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (2) the execution and delivery of the International Underwriting Agreement on or about April 17, 2020; 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:

(i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the grant of the Over-allotment Option by the Company to the International Underwriters to allot and issue up to 15% of the Offer Shares initially available under the Global Offering to cover, among other things, the over-allocations in the International Offering was approved; and

(iii) the proposed Listing was approved and our Directors were authorized to implement such Listing;

(c) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or

agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate granted to the Directors as referred to in (4)(d) below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

(d) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(e) the general unconditional mandate as mentioned in paragraph (c) above would be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option).

5. Repurchase of our Shares

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of Shares (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, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutive documents of a listed company, the laws of the jurisdiction in which the listed company is incorporated or otherwise established. A listed company may not repurchase 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. Subject to the foregoing, any repurchases by a listed company may be made out of the funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(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 make a new issue or announce a proposed new issue of shares for a period of 30 days after any repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed 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 which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) 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 (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Reporting Requirements

Certain information relating to repurchases of shares 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 on which the listed company makes a purchase of its shares. The report must state the total number of shares purchased by the listed company the previous day, the purchase price per share or the highest and lowest prices paid for such purchases. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing its shares from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling its shares to the company.

(b) Reasons for Repurchase

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association, the Companies Law or other applicable laws of Cayman Islands and the Listing Rules. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

Exercise in full of the current repurchase mandate, on the basis of 804,851,176 Shares in issue after completion of the Global Offering (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 80,485,117 Shares being repurchased by us during the period prior to:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us or our subsidiaries. Our Directors have undertaken with the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Companies Law or any other applicable laws of Cayman Islands.

If, as a result of a repurchase of our Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us 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.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a capital increase agreement in relation to Akeso Biopharma Co., Ltd. (關於中山康方生物醫藥有限公司增資協議) dated August 20, 2018 entered into among Shenzhen Qianhai Triwise Kangsheng Investment Partnership (Limited Partnership) (深圳勤智康盛投資合夥企業(有限合夥)), Shenzhen Qianhai Triwise Roizman II Investment Partnership (Limited Partnership) (深圳勤智羅茲曼二期投資合夥企業(有限合夥)), Akeso Limited (康方中國有限公司), XIA Yu ("**Dr. XIA**") (夏瑜), LI Baiyong (李百勇), WANG Zhongmin Maxwell (王忠民), ZHANG Peng (張鵬) and Akeso Biopharma Co., Ltd. (中山康方生物醫藥有限公司), pursuant to which, among others, Shenzhen Qianhai Triwise Kangsheng Investment Partnership (Limited Partnership) (深圳勤智康盛投資合夥企業(有限合夥)) agreed to subscribe for increased capital of Akeso Biopharma Co., Ltd. of RMB1,523,000 at a consideration of RMB40,000,000 and Shenzhen Qianhai Triwise Roizman II Investment Partnership (Limited Partnership) (深圳勤智羅茲曼二期投資合夥企業(有限合夥)) agreed to subscribe for increased registered capital of Akeso Biopharma Co., Ltd. of RMB380,800 at a consideration of RMB10,000,000;

(b) a capital increase agreement in relation to Akeso Biopharma Co., Ltd. (關於中山康方生物醫藥有限公司增資協議) dated August 20, 2018 entered into among Ningbo Huiqiao HongJia Private Equity Investment Partnership (Limited Partnership) (寧波匯橋弘甲股權投資合夥企業(有限合夥)), Akeso Limited (康方中國有限公司), Dr. XIA (夏瑜), LI Baiyong (李百勇), WANG Zhongmin Maxwell (王忠民), ZHANG Peng (張鵬) and Akeso Biopharma Co., Ltd. (中山康方生物醫藥有限公司), pursuant to which, among others, Ningbo Huiqiao HongJia Private Equity Investment Partnership (Limited Partnership) (寧波匯橋弘甲股權投資合夥企業(有限合夥)) agreed to subscribe for increased registered capital of Akeso Biopharma Co., Ltd. of RMB4,315,500 at a consideration of RMB100,000,000;

(c) a capital increase agreement in relation to Akeso Biopharma Co., Ltd. (關於中山康方生物醫藥有限公司增資協議) dated December 24, 2018 entered into among Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), Akeso Limited (康方中國有限公司), Dr. XIA (夏瑜), LI Baiyong (李百勇), WANG Zhongmin Maxwell (王忠民), ZHANG Peng (張鵬) and Akeso Biopharma Co., Ltd. (中山康方生物醫藥有限公司), pursuant to which, among others, Shenzhen Capital Group Co., Ltd. agreed to subscribe for the increased registered capital of Akeso Biopharma Co., Ltd. of RMB1,903,900 at a consideration of RMB50,000,000;

(d) a series D preferred share purchase agreement dated October 16, 2019 entered into among (i) the Company, (ii) Loyal Valley Capital Advantage Fund II LP, WEALTH SHINE ASIA PACIFIC LTD., LBC Sunshine Healthcare Fund L.P., Sino Biopharmaceutical Limited, Changan Revisited SPC – Weiyang SP, CRF Investment Holdings Company Limited, CDG Group Fund L.P., Red Earth Innovation International Company Limited, Worldstar Global Holdings Limited, AIHC Master Fund, OrbiMed Partners Master Fund Limited, Hankang Biotech Fund I, L.P., Apricot Bioscience Holdings, L.P. (collectively, the "**Series D Investors**"), (iii) Akeso (BVI), Inc., Akeso Limited (康方中國有限公司), Zhongshan Akeso Biotechnology Co., Ltd. (中山康方生物科技有限公司), Akeso Biopharma, Inc. (中山康方生物醫藥有限公司), Akeso Tiancheng (Guangdong) Pharmacy Co., Ltd. (康方天成(廣東)製藥有限公司), Zhongshan Akeso Innovative Medicine Research Institute Co., Ltd. (中山康方創新藥物研究院有限公司), Akeso Sainuo Pharmacy Co., Ltd. (康方賽諾醫藥有限公司), AKESOBIO, INC., and AKESOBIO AUSTRALIA PTY LTD (collectively, the "**Akeso Subsidiaries**"), (iv) Dr. XIA (夏瑜), the GEMSTONE LIVING TRUST dated June 11, 2019, Golden Oaks LLC, LI Baiyong (李百勇), the SUNNY BEACH Living Trust dated June 19, 2019, Kampfire LLC, WANG Zhongmin Maxwell (王忠民), the MAX MAHOGANY Living Trust dated June 19, 2019, Blazing Rosewood LLC, ZHANG Peng (張鵬) and Waterband Limited (collectively, the "**Key Holders**"), pursuant to which, among others, the Company agreed to issue and sell to the Series D Investors 90,978,960 Series D Preferred Shares;

(e) the shareholders agreement dated November 1, 2019 entered into among others, the Company, the Akeso Subsidiaries, each of the Key Holders, Aquae Hyperion Limited, NineSuns Holding Limited, Shanghai Chuangrui Yuantaijunhong Investment Mgt. Center (LP) (上海創瑞元太鈞鴻投資管理中心(有限合夥)), GZKX Ventures Limited, Zhongshan Xunxiang Akeso Equity Investment Partnership (Limited Partnership) (中山市迅翔康方股權投資企業(有限合夥)), Jianxin Global Limited, Heqixin Capital Limited, Zhan Hong Development Limited, Qianhai Ark (Cayman) Investment Co. Limited, HTKF Investments Limited, Zhongshan Xunying Equity Investment Partnership (Limited Partnership) (中山市迅盈股權投資企業(有限合夥)), GDHT Ventures Limited, GAOTEJIA INVESTMENT MANAGEMENT CO., LTD, GZTK Ventures Limited, FSJC Ventures Limited, Shenzhen Qingchi Investment Partnership (Limited Partnership) (深圳清池投資合夥企業(有限合夥)), SCGC Capital Holding Company Limited, Shenzhen Qianhai Triwise Roizman 459 Investment Partnership (Limited Partnership) (深圳勤智羅茲曼四五九投資合夥企業(有限合夥)), Shenzhen Qianhai Triwise Kangsheng Investment Partnership (Limited Partnership) (深圳勤智康盛投資合夥企業(有限合夥)), Shenzhen Qianhai Triwise Roizman II Investment Partnership (Limited Partnership) (深圳勤智羅茲曼二期投資合夥企業(有限合夥)), the Series D Investors, BOCOM International Holdings Company Limited, GT Capital Biotech I, and Zeta Buyout Fund SPC – Triwise Fund I SP, regarding governance, management and operation of each of the Company, its offshore and onshore subsidiaries, each person (except individuals) controlled by the Company and their respective subsidiaries and branches from time to time, and for the rights and obligations between and among the Company and its then shareholders;

(f) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, Fidelity Investment Trust: Fidelity Series Emerging Markets Opportunities Fund, Fidelity Central Investment Portfolios LLC: Fidelity Emerging Markets Equity Central Fund, Fidelity Emerging Markets Equity Multi-Asset Base Fund, Fidelity Investment Trust: Fidelity Total Emerging Markets Fund, FIAM Group Trust for Employee Benefit Plans: FIAM Emerging Markets Opportunities Commingled Pool, Fidelity Emerging Markets Opportunities Institutional Trust, Fidelity Investment Trust: Fidelity Emerging Asia Fund, Fidelity Advisor Series VIII: Fidelity Advisor Emerging Asia Fund, Fidelity Investment Trust: Fidelity Pacific Basin Fund, Fidelity Select Portfolios: Pharmaceuticals Portfolio, Fidelity Investment Trust: Fidelity China Region Fund, Fidelity Investment Trust: Fidelity International Discovery Fund, Fidelity Investment Trust: Fidelity International Discovery K6 Fund, Fidelity Group Trust for Employee Benefit Plans: Fidelity International Discovery Commingled Pool, Fidelity Investment Trust: Fidelity Worldwide Fund (collectively, the "**Fidelity Investors**"), Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which the Fidelity Investors have agreed to 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 with US$65 million;

(g) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, Lake Bleu Prime Healthcare Master Fund Limited, Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which Lake Bleu Prime Healthcare Master Fund Limited has agreed to 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 with US$45 million;

(h) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, OrbiMed Partners Master Fund Limited, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P. and Worldwide Healthcare Trust PLC (collectively, the "**OrbiMed Funds**"), Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which the OrbiMed Funds have agreed to 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 with US$15 million;

(i) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, Boyu Capital Opportunities Master Fund, Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which Boyu Capital Opportunities Master Fund has agreed to 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 with US$10 million;

(j) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, Hudson Bay Master Fund LTD, Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which Hudson Bay Master Fund LTD has agreed to 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 with US$10 million;

(k) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, CRF Investment Holdings Company Limited, Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which CRF Investment Holdings Company Limited has agreed to 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 with US$5 million;

(l) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, AIHC Master Fund, Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which AIHC Master Fund has agreed to 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 with US$5 million;

(m) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, Hankang Biotech Fund I, L.P., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and Morgan Stanley Asia Limited, pursuant to which Hankang Biotech Fund I, L.P. has agreed to 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 with US$3 million;

(n) a cornerstone investment agreement dated April 8, 2020 entered into among our Company, China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司), Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) has agreed to 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 with US$5 million; and

(o) the Hong Kong Underwriting Agreement.

* *The English name of Akeso Biopharma, Inc. (中山康方生物醫藥有限公司) is for identification purpose in financing documents only. In the event of inconsistency, the Chinese name shall prevail.*

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, our material registered trademarks were as follows:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
1	Akesobio	PRC	Akeso Biopharma	11876577	5	June 6, 2024
2	Akesobio	PRC	Akeso Biopharma	11876693	42	June 6, 2024
3	康方生物	PRC	Akeso Biopharma	27795553	42	February 6, 2029
4	AKESOBIO	PRC	Akeso Biopharma	27795554	5, 42	November 13, 2028
5	Akeso Biopharma	PRC	Akeso Biopharma	35234403	42	September 6, 2029
6	AD PHARMA	PRC	AD Pharma	29261177	42	April 20, 2029
7	Akesobio	HK	Akeso, Inc.	305023719	5, 35, 42	August 12, 2029

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which we consider to be material to our business:

No.	Trademark	Place of registration	Name of applicant	Application no.	Class	Application date
1	QuadraBody	PRC	Akeso Biopharma	39756935	42	July 18, 2019
2	QuadraBody	PRC	Akeso Biopharma	39751597	5	July 18, 2019
3	Tetrabody	PRC	Akeso Biopharma	39756929	5	July 18, 2019
4	Tetrabody	PRC	Akeso Biopharma	39737121	42	July 18, 2019
5	TetramAb	PRC	Akeso Biopharma	39751601	42	July 18, 2019
6	TetramAb	PRC	Akeso Biopharma	39738391	5	July 18, 2019
7	TetraAb	PRC	Akeso Biopharma	39743939	5	July 18, 2019

No.	Trademark	Place of registration	Name of applicant	Application no.	Class	Application date
8	TetraAb	PRC	Akeso Biopharma	39740186	42	July 18, 2019

(b) Patents

For a discussion of the details of the material patents and material filed patent applications by the Company in connection with our clinical and pre-clinical drug candidates, please refer to the paragraph headed "Business – Intellectual Property" in this document.

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

(c) Domain Names

As of the Latest Practicable Date, our material domain name was as follows:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	akesobio.com	Akeso Biopharma	January 12, 2015	February 1, 2028

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of the Directors and chief executive of the Company immediately following completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are 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 in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model

Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

Name of Director/ Chief Executive	Capacity/nature of interest	Number of Shares immediately after the completion of the Listing	Approximate percentage of shareholding immediately after the completion of the Listing
Dr. XIA (夏瑜)	Trustee and settlor of a discretionary trust[(1)]	59,771,042	7.83%
	Interest in controlled corporation[(2)]	21,000,000	2.75%
	Settlor of trust[(3)]	45,270,499	5.98%
	Interest held through voting powers entrusted by other persons[(4)]	136,841,582	17.89%
Dr. LI Baiyong (李百勇)	Trustee and settlor of a discretionary trust[(5)]	43,738,554	5.73%
	Interest in controlled corporation[(6)]	10,934,640	1.43%
Dr. WANG Zhongmin Maxwell (王忠民)	Trustee and settlor of a discretionary trust[(7)]	15,746,442	2.06%
	Interest in controlled corporation[(8)]	31,492,881	4.13%
Mr. LIN Lijun (林利軍)	Interest in controlled corporation[(9)]	19,495,491	2.55%

Notes:

(1) Dr. XIA is the settlor and trustee of XIA Trust, with certain of her family members as beneficiaries. She is therefore deemed to be interested in the Shares held by XIA Trust under the SFO.

(2) XIA LLC is a company incorporated in the United States, with all of its voting shares held by Dr. XIA. Dr. XIA is deemed to be interested in the Shares held by XIA LLC.

(3) Aquae Hyperion Limited holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust. Dr. XIA acts as the settlor and enforcer and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited. Zedra Trust Company (Cayman) Limited is the trustee of the ESOP Trust, which indirectly holds Shares as trust property through Aquae Hyperion Limited, and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited.

(4) Dr. XIA, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Dr. ZHANG Peng together with their family trusts and holding vehicles entered into an acting-in-concert agreement, pursuant to which Dr. XIA is able to exercise voting rights entrusted from the other signing parties and is therefore deemed to be interest in an additional aggregate of 17.00% shareholding interest in our Company after completion of the Global Offering (assuming the Over-Allotment Option is not exercised). For further details, see the section headed "History, Development and Corporate Structure – Voting Arrangement" for acting-in-concert agreement.

(5) Dr. LI Baiyong is the settlor and trustee of LI Trust, with certain of his family members as beneficiaries. He is therefore deemed to be interested in the Shares held by LI Trust under the SFO.

(6) LI LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. LI Baiyong. Dr. LI Baiyong is deemed to be interested in the Shares held by LI LLC.

(7) Dr. WANG Zhongmin Maxwell is the settlor and trustee of WANG Trust, with certain of his family members as beneficiaries. He is therefore deemed to be interested in the Shares held by WANG Trust under the SFO.

(8) WANG LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. WANG Zhongmin Maxwell. Dr. WANG Zhongmin Maxwell is deemed to be interested in the Shares held by WANG LLC.

(9) Mr. LIN Lijun indirectly holds 19,495,491 Shares through Loyal Valley Capital Advantage Fund II LP.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the exercise of options which were granted under the Restricted Share Unit Scheme, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders of other members of our Group

So far as our Directors are aware, as at the Latest Practicable Date, no persons are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors' Service Contracts and Letters of Appointment

Each of our executive Directors, entered into a service contract with our Company on April 7, 2020. Each service contract is for an initial term of three years commencing from the Listing Date. Each of our non-executive Directors, and each of our independent non-executive Directors, entered into a letter of appointment with our Company on April 7, 2020. Each letter of appointment is for an initial term of three years commencing from the Listing Date.

Details of our Company's remuneration policy is described in section headed "Directors and Senior Management – Compensation of Directors and Management" in this prospectus.

3. Remuneration of Directors

The aggregate amount of remuneration of our Directors for the years ended December 31, 2018 and 2019 were approximately RMB2.8 million and RMB8.1 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any discretionary bonus which may be paid to any Director) equivalent to approximately RMB13 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2020 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration of our five highest paid individual (including both employees and Directors) for the years ended December 31, 2018 and 2019 were approximately RMB3.6 million, and RMB10.2 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the years ended December 31, 2018 and 2019 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended December 31, 2018 and 2019.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register

referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors is aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

D. SHARE INCENTIVE SCHEMES

1. Restricted Share Unit Scheme

(a) Purpose and Principal Terms

The purpose of the Restricted Share Unit Scheme (the "**RSU Scheme**") is to recognize and motivate the contributions the grantees under the RSU Scheme (the "**Grantee(s)**"), provide incentives for them to remain with our Company, and attract suitable personnel for our further development. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for new shares. The principal terms of the RSU Scheme are as follows:

(i) **Award**: An award of Restricted Share Units ("**RSU(s)**") under the RSU Scheme ("**Award(s)**") gives a Participant a conditional right upon the vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the ESOP Department in its absolute discretion, less any tax, fees, levies, stamp duty and other applicable charges. An award may include, if so specified by the ESOP administration department (the "ESOP Department") in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests.

(ii) **Award Price:** Each Participant shall pay RMB1.00 as the Award price to accept the Awards granted to such Participant.

(iii) **Scheme Limit**: Number of shares that may be delivered under the RSU Scheme are 45,270,499 Shares that are held by Aquae Hyperion Limited for the RSU Scheme.

(iv) **Participants**: Participants of the RSU Scheme (the "**Participants**") include the following:

(i) the Employees or officers (including executive, non-executive and independent non-executive directors of the Group);

(ii) any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons including former employees who, in the sole opinion of the ESOP Department, have contributed or will contribute to the Company or any of its Subsidiaries.

(v) **Term**: The RSU Scheme shall be valid and effective for the period of ten years commencing on August 29, 2019, after which period no further Awards will be granted. In spite of this, the RSU Scheme in all other respects remain in full force and effect and Awards that are granted during the Term may continue to be exercisable in accordance with their terms of issue.

(vi) **Administration**: The RSU Scheme shall be subject to the administration of the ESOP Department set up and authorized by the Board of the Company. The ESOP Department has the right to (i) interpret and construe the provisions of the RSU Scheme, (ii) determine the persons who will be granted Awards, the terms on which Awards are granted and the time when the RSU(s) so awarded may vest, (iii) make such appropriate and equitable adjustments to the terms of the Awards granted as it deems necessary, (iv) appoint independent third party professionals and contractors to assist in the administration of the RSU Scheme, delegate such powers and/or functions, and make any other decisions or determination relating to the administration of the RSU Scheme as the ESOP Department deems appropriate. All decisions made by the ESOP Department is final and binding on all parties.

(vii) **Trustee**: the ESOP Department may appoint independent trustee to assist in the administration and vesting of the Awards and has appointed Zedra Trust Company (Cayman) Limited, trustee service provider and an Independent Third Party, to administer the granting and vesting of the RSU(s).

(b) Restrictions on Grant

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

A Grant must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the meeting of the Board of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement,

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

The ESOP Department may not grant any Awards to any Participants in any of the following circumstances:

(i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;

(ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the RSU Scheme, unless the ESOP Department determines otherwise;

(iii) the Grant would result in a breach by the Company, the Subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or

(iv) where such Grant would result in a breach of the limits of the RSU Scheme.

(c) Grant to Directors

Where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(d) Grant to Connected Persons

Any grant to any director, chief executive officer or substantial shareholder of any member of the Group, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

(e) Grant to PRC resident

If the Grantee is a PRC resident, he or she shall not be entitled to exercise any Award until:

(i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Participant or the Participant has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and

(ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in exercising the Award.

(f) Rights attached to Awards

The RSU(s) do not carry any right of a Shareholder unless and until such Shares underlying the Award are actually transferred to the Grantee upon the vesting of the RSU(s). Unless otherwise specified by the ESOP Department in its entire discretion in the Notice of Grant, Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award.

(g) Awards to be Personal to the Grantee

Unless otherwise approved by the Company in writing (to the extent permitted by law), an unvested RSU shall be personal to the Grantee and shall not be assignable or transferable by the Grantee provided that following the Grantee's death, unvested RSU(s) may be transferred by will or by the laws of testacy and distribution. The terms of the Scheme and the Notice of Grant shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

(h) Vesting

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the ESOP Department in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse.

Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the ESOP Department, or by any other means the ESOP Department so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

The Grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the ESOP Department considers necessary (which may include, without limitation, a certification to the Group that he or she has complied with all the terms and conditions set out in the RSU Scheme and the Notice of Grant).

For the purposes of vesting of the RSU(s), the ESOP Department may release the RSU(s) to the selected Participants by transferring the number of underlying Shares in respect of the RSU(s) to the selected Participants in such manner as determined by it from time to time. The ESOP Department shall inform the Trustee the number of underlying Shares in respect of the RSU(s) being transferred and released to the selected Participant in the manner as determined by the ESOP Department.

If the vesting conditions are not satisfied and no waiver of such condition is granted, the RSU(s) shall be cancelled according to conditions as determined by the ESOP Department in its absolute discretion.

In the event that the Grantee fails to execute the required documents within three months after receiving the Vesting Notice, the vested RSU(s) will lapse.

Notwithstanding the foregoing, if any relevant parties of the RSU Scheme would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be transferred (as the case may be) to the Grantee shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules.

(i) Rights on a Takeover

In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any RSU(s), the ESOP Department shall, prior to the offer becoming or being declared unconditional, determine at its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(j) Rights on a Scheme of Arrangement

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of shareholders at the requisite meetings prior to the vesting of any RSU(s), the ESOP Department shall, prior to such meetings, determine at its absolute discretion whether such RSU(s) shall vest and the period within such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(k) Rights on a Voluntary Winding-up

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any RSU(s), the ESOP Department shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest and in the latter case, the unvested RSU(s) must be vested and effected by no later than two Business Days before the day of the proposed shareholders' meeting. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(l) Rights on a Compromise or Arrangement

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the ESOP Department shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(m) Lapse and cancellation of RSU

An unvested RSU shall be lapsed and cancelled automatically upon the earliest of:

(i) the date of the termination of Grantee's employment or service by the Company or any of its Subsidiaries for cause;

(ii) the date of the termination of Grantee's employment or service with the Company or the Subsidiaries is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause);

(iii) the date on which the offer (or, as the case may be, revised offer) made in connection with a general or voluntary offer closes;

(iv) the record date for determining entitlements under the scheme of arrangement referred above closes;

(v) the date of the commencement of the winding-up of the Company;

(vi) the date on which the Grantee commits a breach of paragraph (g) above; or

(vii) the date on which it is no longer possible to satisfy any outstanding conditions to vesting.

The ESOP Department shall have the right to determine what constitutes cause, whether the Grantee's employment has been terminated for cause, the effective date of such termination and whether someone is a Competitor, and such determination by the ESOP Department shall be final and conclusive.

Unless the ESOP Department determines otherwise in its absolute discretion, the Grantee or his/her legal personal representative is entitled to exercise vested RSU(s) by serving the application for exercising unvested RSU(s) within one month following the occurrence of the termination of Grantee's employment or service with the Company or the Subsidiaries which is terminated for any reason other than for cause (including by reason of resignation, retirement, death, Disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause).

Subject to the applicable laws, the vested RSU(s) prior to being exercised and the underlying shares or proceeds obtained by the Grantee from exercising the vested RSU(s) less the exercise price of the Grantee's RSU(s) shall be returned by the Grantee to the Company per the ESOP Department's request following the occurrence of one of more of the following events:

(i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause;

(ii) or the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

(n) Further restrictions on RSU

The Grantee shall not be entitled to sell, transfer or deal with the Shares underlying the RSU(s) granted pursuant to the RSU Scheme upon the occurrence of one or more of the following events:

(i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause; or

(ii) the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

If the Grantee sells, transfers or deals with the Shares in breach of the above, the Grantee shall pay the Company the proceeds or consideration obtained (less the exercise price of the Grantee RSU(s)) as a result of such breach upon demand by the Company.

The ESOP Department may at any time cancel any unvested RSU granted to a Grantee subject to consent by the Grantee. Where the Company cancels unvested RSU(s) and makes a grant of new RSU(s) to the same Grantee, such Grant may only be made with available RSU(s) to the extent not yet granted (excluding the cancelled RSU(s)).

Notwithstanding the aforesaid in this paragraph, in each case, the ESOP Department may in its absolute discretion decide that any RSU(s) shall not be cancelled or determine subject to such conditions or limitations as the ESOP Department may decide.

(o) Reorganization of Capital Structure

In the event of an alteration in the capital structure of the Company, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital, amongst others, of the Company, whilst any RSU(s) has not vested, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU(s) so far as unvested as the Auditors or an approved independent financial adviser shall certify in writing, either generally or as regard any particular Grantee, to have in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that Grantee was previously entitled, but that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

However, in the case of any capitalisation issue or share sub-division to be implemented by the Company as required for the purpose of the Global Offering, no such certification by the Auditors or a financial advisor shall be required.

(p) Amendment of the RSU Scheme

Save for any material amendments to the RSU Scheme, the Scheme may be altered in any respect by a resolution of the ESOP Department. The ESOP Department's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material shall be conclusive, provided in each case that such decision is made in accordance with the Articles of the Company and any applicable laws.

(q) Termination of the RSU Scheme

The Board of the Company or the ESOP Department may at any time terminate the operation of the RSU Scheme and in such event no further RSU(s) will be offered but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of RSU(s) which are granted during the life of this Scheme and which remain unvested immediately prior to the termination of the operation of the RSU Scheme.

(r) General

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares underlying any Awards which may be granted pursuant to the RSU Scheme. As of the Latest Practicable Date, RSUs for an aggregate of 9,000,000 Shares have been granted to certain eligible participants by our Company under the RSU Scheme. Such RSUs will be vested to the grantees after the completion of the Global Offering and according to their respective vest schedule.

The Company will issue announcements according to applicable Listing Rules, disclosing particulars of any RSUs granted under the RSU Scheme, including the date of grant, number of Shares involved, the vesting period and comply with Chapter 14A of the Listing Rules. Details of the RSU Scheme, including particulars and movements of the RSUs granted during each financial year of our Company, and our employee costs arising from the grant of the RSUs will be disclosed in our annual report.

E. OTHER INFORMATION

1. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary expenses

Our Company's preliminary expenses are approximately RMB298,200 and have been paid by our Company.

3. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

4. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Shares or conversion of Preferred Shares) and to be issued pursuant to and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be allotted. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

5. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2019 (being the date to which the latest audited financial statements of our Group were made up) up to the date of this prospectus.

6. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the paragraph headed "Underwriting – Underwriting Arrangements and Expenses – International Offering – Commissions and Expenses."

7. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed corporation under the SFO for 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 as defined under the SFO
J.P. Morgan Securities (Far East) Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants
Commerce & Finance Law Offices	PRC legal advisers
Frost & Sullivan International Limited	Industry consultants
Campbells	Cayman Islands legal advisers

8. Consents

Each of the experts referred above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

9. Joint Sponsors

Morgan Stanley Asia Limited and J.P. Morgan Securities (Far East) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of the Joint Sponsors' services as sponsors for the Listing are US$1 million.

10. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Taxation of Holders of Our Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

12. Miscellaneous

Save as otherwise disclosed in this prospectus:

(i) none of our Directors or experts referred to in the paragraph headed "– E. Other Information – 7. Qualifications of Experts" of this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) none of the Directors or experts referred to in the paragraph headed "– E. Other Information – 7. Qualifications 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 taken as a whole;

(iii) save for the Underwriting Agreements, none of the experts referred to under the paragraph headed "– E. Other Information – 7. Qualifications of Experts" of this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(iv) within the two years preceding the date of this prospectus, no share or loan capital of the Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(v) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;

(vi) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in the Company;

(vii) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) no capital of the Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(x) there is no arrangement under which future dividends are waived or agreed to be waived;

(xi) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(xii) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) copies of each of the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company – 1. Summary of Material Contracts" in Appendix IV to this prospectus; and (iii) the written consents issued by each of the experts referred to in paragraph headed "E. Other information – 7. Qualifications of Experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, 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 of Association and Articles of Association;

(b) the accountants' report of the Group for the years ended December 31, 2018 and 2019 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the report received from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(d) the PRC legal opinions issued by Commerce & Finance Law Offices, our legal advisers on PRC law, in respect of certain aspects of our Group in the PRC;

(e) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this prospectus.

(f) the letter issued by Campbells, our legal advisers on Cayman Islands laws, summarizing certain aspects of Companies Law referred to in Appendix III to this prospectus;

(g) the Companies Law;

(h) the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company – 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the service agreements and letters of appointment referred to in the paragraph headed "C. Further Information about Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus;

(j) the written consents referred to in the paragraph headed "E. Other Information – 8. Consents" in Appendix IV to this prospectus; and

(k) the rules of the Restricted Share Unit Scheme.

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