開拓藥業有限公司*

KINTOR PHARMACEUTICAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9939

GLOBAL OFFERING

Sole Sponsor

华泰国际 HUATAI INTERNATIONAL

Joint Global Coordinators and Joint Bookrunners

华泰国际 HUATAI INTERNATIONAL　UBS　CICC 中金公司

Joint Bookrunners

招銀国际 CMB INTERNATIONAL　China Renaissance 华兴资本　海通國際 HAITONG　建银国际 CCB International　光大新鸿基 EVERBRIGHT SUN HUNG KAI

* For identification purposes only

IMPORTANT

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

開拓藥業有限公司*
KINTOR PHARMACEUTICAL LIMITED

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**92,347,500 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**9,235,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**83,112,500 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$20.15 per Share plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund)**
Nominal value	**:**	**US$0.0001 per Share**
Stock code	**:**	**9939**

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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 in Hong Kong and Available for Inspection" in Appendix VI 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 Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 15 May 2020 and, in any event, not later than Thursday, 21 May 2020. The Offer Price will not be more than HK$20.15 and is currently expected to be not less than HK$17.80. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$20.15 for each Share together with a brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$20.15 per Offer Share.

The Joint Global Coordinators (for themselves and on behalf of the other Underwriters) with the consent of our Company, may reduce the number of Offer Shares and/or the indicative offer price range below that stated in this prospectus (which is HK$17.80 to HK$20.15 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at **www.hkex.com.hk** and our website at **www.kintor.com.cn**. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and we are unable to reach an agreement on the Offer Price by Thursday, 21 May 2020, the Global Offering will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) if certain events shall occur prior to 8:00 a.m. on Friday, 22 May 2020. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

** For identification purposes only*

12 May 2020

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] .....11:30 a.m. on Friday, 15 May 2020

Application lists open[3] .....11:45 a.m. on Friday, 15 May 2020

Latest time to lodge **WHITE** and **YELLOW** Application Forms .....12:00 noon on Friday, 15 May 2020

Latest time to complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) .....12:00 noon on Friday, 15 May 2020

Latest time to give **electronic application instructions** to HKSCC[4] .....12:00 noon on Friday, 15 May 2020

Application lists close .....12:00 noon on Friday, 15 May 2020

Expected Price Determination Date[5] .....Friday, 15 May 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 allocation of the Hong Kong Offer Shares

to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before .....Thursday, 21 May 2020

A full announcement of the Hong Kong Public Offering containing the information above will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.kintor.com.cn** from .....Thursday, 21 May 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 .....Thursday, 21 May 2020

Despatch of Share certificates and e-Refund payment instructions/refund cheques on or before[6][7][8] . . . . . Thursday, 21 May 2020

Dealings in the Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Friday, 22 May 2020

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

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

(3) If there is a "black" rainstorm warning or "extreme conditions" caused by a super typhoon or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 May 2020, the application lists will not open and close on that day. Please refer to "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" of this prospectus for further details. If the application lists do not open and close on Friday, 15 May 2020 or if there is a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, we will make an announcement in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying By Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) We expect to determine the Offer Price by agreement with the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 15 May 2020, and, in any event, not later than Thursday, 21 May 2020. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and us by Thursday, 21 May 2020, the Hong Kong Public Offering and the International Offering will not proceed. Notwithstanding that the Offer Price may be fixed at below the maximum Offer Price of HK$20.15 per Share payable by applicants for Hong Kong Offer Shares under the Hong Kong Public Offering, applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$20.15 for each Share, together with the brokerage fee of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027% but will be refunded the surplus application monies as provided in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(6) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on Friday, 22 May 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong Identity Card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong Identity Card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong Identity Card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong Identity Card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

(8) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information in their applications may collect refund cheques (where applicable) and/or Share certificates (where applicable) in person from our 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 between 9:00 a.m. to 1:00 p.m. on Thursday, 21 May 2020. Applicants being individuals who are eligible for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies – Personal Collection – (iv) If you apply via Electronic Application Instructions to HKSCC" in this prospectus for details. Uncollected share certificates and refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares – 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. If there is a "black" rainstorm warning or "extreme conditions" caused by a super typhoon or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 May 2020, the application lists will not open and close on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this prospectus. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong 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.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorised by the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. ***In particular, we are a biotechnology company seeking to list on the Main Board under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.*

OVERVIEW

We are a clinical-stage novel drug developer in China focused on the proprietary R&D of potential first-in-class and best-in-class drugs for cancers and other androgen receptor-related, or AR-related diseases. Our lead drug candidate, Proxalutamide, is a potential best-in-class drug undergoing phase III clinical trials in China and phase II clinical trials in the United States for metastatic castration-resistant prostate cancer, or mCRPC as well as clinical trials for breast cancer. Our mission is to become a global leader in the research, development and commercialisation of innovative therapies, focusing on indications with substantial unmet medical needs, in particular in the AR-related field.

Our portfolio of drug candidates addresses major cancer types and other AR-related diseases with large market potential. According to the Frost & Sullivan Report, prostate cancer was the second fastest growing cancer among major cancer types in China in terms of the growth rate of new cases from 2014 to 2018, and breast cancer was the most common type of cancer in women globally in 2018. The population of male patients aged 30 to 70 with androgenetic alopecia, a common form of hair loss and an AR-related disease, reached over 92.8 million in China and 31.1 million in the United States in 2018, respectively, according to the Frost & Sullivan Report.

OUR PIPELINE OF DRUG CANDIDATES

We had developed a pipeline of five drug candidates as of the Latest Practicable Date, for which we had obtained approvals to commence clinical trials in China, the United States and/or Taiwan. These clinical-stage drug candidates are composed of a phase III small molecule drug candidate, a phase II small molecule drug candidate, a phase II monoclonal antibody drug candidate, a phase I mTOR inhibitor drug candidate and an inhibitor of the hedgehog signal translation pathway for which we received IND approval in February 2020 as follows:

- *Proxalutamide (GT0918) (普克鲁胺):* Proxalutamide is our lead drug candidate and is in phase III clinical trials in China for mCRPC with a targeted submission of NDA in 2020. It is also undergoing phase II clinical trials for mCRPC in the United States. Proxalutamide is a potential best-in-class small molecule AR antagonist for the treatment of mCRPC based on well-researched AR mechanism and has a novel chemical structure that enables it to down regulate AR expression. In addition to its clinical trials for mCRPC, Proxalutamide is undergoing phase Ic clinical trials in

combination with Exemestane, Letrozole and Fulvestrant in China for metastatic breast cancer. We expect to focus on AR+ patients within the metastatic breast cancer patient pool in our subsequent clinical trials.

As of 31 December 2019, we had been granted 20 patents relating to Proxalutamide's compound, synthetic methods and uses in the PRC, the United States, Japan, South Korea, South Africa, Germany, France, the United Kingdom, Denmark, Ireland, Italy, Luxembourg, the Netherlands, Poland, Sweden, Australia, Canada, Russia and Macau. All these patents are scheduled to expire in 2030 and 2032, respectively.

- *Pyrilutamide (KX-826) (福瑞他恩):* Pyrilutamide is in phase II clinical trials in China for androgenetic alopecia with expected first patient enrolment in the second half of 2020. It is also in phase Ib clinical trials for androgenetic alopecia in the United States and we commenced first patient enrolment in January 2020 and we expect to complete these trials in 2020. Pyrilutamide is a potential first-in-class small molecule AR antagonist we are developing for topical dermatological use by leveraging our anti-androgen-related scientific know-how. The existing treatments for androgenetic alopecia have side effects or other limitations that we believe may constrain the size and growth of the market for treatments addressing androgenetic alopecia. In particular, a leading drug for androgenetic alopecia, Finasteride, has known adverse sexual side effects that we believe have been a significant deterrent to a large pool of patients in electing to treat a primarily cosmetic condition. Pyrilutamide is a topical treatment being developed to locally block the androgen mediated signalling instead of reducing androgen level systematically, and its metabolite has substantially reduced AR agonist activity *in vivo*, thereby limiting its side effects. We believe Pyrilutamide holds the possibility of redefining the market landscape for androgenetic alopecia drugs.

  As of 31 December 2019, we had been granted 12 patents relating to KX-826's synthetic methods and uses in the PRC, the United States, Japan, South Korea, South Africa, Switzerland, Germany, France, the United Kingdom, Canada and Macau which are scheduled to expire in 2030.

- *ALK-1 (GT90001):* ALK-1 is in phase II clinical trials in Taiwan as a combination therapy with Nivolumab, a PD-1, for metastatic HCC (hepatocellular carcinoma) and is a potential first-in-class antibody for which we obtained an exclusive global licence from Pfizer. We expect to conduct MRCT for ALK-1 globally, and have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE.

  Pursuant to the Pfizer Licence Agreement, the patent rights licensed by Pfizer to us consisted of patent rights in relation to ALK-1 in 115 countries and regions around the world set out in the Pfizer Licence Agreement. These patents are expected to expire between 2026 and 2037.

- *Detorsertib (GT0486) (迪拓賽替):* Detorsertib is in phase I clinical trials in China for metastatic solid tumours. Detorsertib is a second-generation mTOR inhibitor that inhibits both mTORC1 and mTORC2, and has shown greater therapeutic advantages as compared with first-generation mTOR inhibitors that only inhibit mTORC1. As

of the Latest Practicable Date, there was no mTORC1/mTORC2 dual inhibitor that had been approved for marketing globally. We believe Detorsertib has the potential to become a first-in-class dual mTORC1/mTORC2 inhibitor addressing significant unmet medical needs.

As of 31 December 2019, we had one pending patent application in the PRC and seven patent applications overseas relating to mTOR kinase inhibitor's compound. The patents from these currently pending patent applications, if granted, would be scheduled to expire in 2037.

- *Hedgehog/SMO Inhibitor (GT1708F):* GT1708F is an inhibitor of the hedgehog signal transduction pathway. We are currently developing GT1708F primarily for the treatment of leukaemia and BCC. We obtained IND approval for GT1708F from the NMPA in February 2020 and we expect to commence patient enrolment in the third quarter of 2020.

  As of 31 December 2019, we had been granted four patents in the PRC and five patents in the United States, Germany, France, the United Kingdom and Australia relating to Hedgehog's compound, which were expected to expire between 2033, 2034 and 2037.

In addition to our five clinical-stage drug candidates, we also have a number of discovery phase projects. We have built a risk-balanced and diversified pipeline that contemplates sequenced product launches commencing in 2021. We currently do not anticipate any material deviation from our drug development, manufacturing and commercialisation plans, and the expected development progress of our Core Products has taken into account the temporary delays and disruptions on our ongoing clinical trials as a result of the COVID-19 outbreak. Please refer to "–Recent Developments and No Material Adverse Change" below for further details of the impact of COVID-19 on our business.

Please refer to the section headed "Business – Intellectual Property Rights" and the section headed "B. Further Information about Our Business – 2. Intellectual Property Rights – (3) Registered Patents" in "Appendix V – Statutory and General Information" to this prospectus for further details about the patents held by us in relation to our clinical and pre-clinical drug candidates.

The following chart sets forth a summary of our drug candidates as well as their respective mechanism, indications and development progress:

	Drug Candidate	Target/ Mechanism	Indication[1]	Country/ Region	Pre-Clinical	IND Filing (Filed) | (Accepted)	Phase I	Phase II	Phase III	NDA
Clinical Stage Products	**Proxalutamide (GT0918) (普克鲁胺) (Core Product)**	Second generation AR antagonist	mCRPC	China			*Expected to submit NDA in 2020[2]*			
			Combination therapy with Abiraterone for mCRPC	China			*Expected to complete phase III in 2021*			
			Combination therapy with a PARP inhibitor for mCRPC	China			Δ			
			mCRPC	US			*Expected to complete phase II in 2020*			
			Metastatic breast cancer*	China						
			Combination therapy with Exemestane, Letrozole and Fulvestrant for metastatic breast cancer*	China						
			TNBC*	US			Δ			
	Pyrilutamide (KX-826) (福瑞他恩) (Core Product)	AR antagonist (for external use)	Androgenetic alopecia*	China			*Expected to complete phase II in 2020*			
			Androgenetic alopecia*	US			*Expected to complete phase Ib in 2020*			
			Acne vulgaris*	China/US						
	ALK-1 (GT90001)[3]	Angiogenesis inhibitor	Combination therapy with a PD-1 for metastatic HCC*	Taiwan						
			Liver cancer* (monotherapy or combination therapy)	Global MRCT			^			
	Detorsertib (GT0486) (迪拓赛替)	mTOR kinase inhibitor	Metastatic solid tumours*	China						
	GT1708F[4]	Hedgehog/ SMO inhibitor	Leukaemia and BCC	China			Δ			
			Leukaemia and BCC	US						
Pre-Clinical Products		AR degrader	Prostate cancer and AR-related diseases							
		c-Myc inhibitor[5]	Blood cancer							
		IDO inhibitor	Multiple types of cancers							

Notes:

(1) Unless specifically referred to as combination therapies, the applicable therapy for an indication refers to monotherapy. Other than Proxalutamide's combination therapy with Abiraterone for mCRPC in China, which we are developing as a first-line therapy, all of our other drug candidates are currently being developed as a later stage therapy in the case of cancer indications.

(2) We intend to apply for accelerated NDA based on the interim analysis result while our phase III clinical trials are ongoing.

(3) We obtained an exclusive global licence from Pfizer to develop and commercialise ALK-1 in February 2018, after Pfizer had completed two phase I clinical trials for ALK-1 for advanced solid tumours, including HCC, as a monotherapy in the United States and Italy, as well as in South Korea and Japan.

(4) We entered into a technology transfer agreement with Suzhou Yunxuan Pharmaceutical Co., Ltd. in December 2016 for the development and commercialisation of GT1708F.

(5) We obtained all information, data and technological know-how from Peking University pursuant to a technology transfer agreement in connection with the development and commercialisation of c-Myc inhibitor in January 2019.

* Represents a potential first-in-class drug candidate for the relevant indication.

Δ We have received IND approval for the relevant indications.

^ We have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE and expect to bypass phase I clinical trials following the receipt of approval from the CDE.

OUR STRENGTHS

We believe the following strengths have contributed to our success:

- Risk-balanced and diversified pipeline of drug candidates targeting major cancer types and other AR-related diseases with substantial market potential
- Potential best-in-class AR antagonist for mCRPC, forming the backbone of potential combination therapies for AR-related cancers
- Leveraging our expertise in AR-related research to expand Proxalutamide's indications into breast cancer
- Expanding our pipeline of drug candidates to create new market opportunities in treating other AR-related diseases such as androgenetic alopecia and acne vulgaris
- Integrated R&D platform coupled with an experienced team of scientists enabling us to maintain quality and efficiency over our entire drug development process
- Well-developed commercialisation plan enabling speed-to-market and near-term sales conversion

OUR STRATEGIES

Our mission is to become a global leader in the research, development and commercialisation of innovative therapies, focusing on indications with substantial unmet medical needs, in particular in the AR-related field. To achieve our mission, we plan to pursue the following strategies in the near-term:

- Rapidly advance the clinical development, regulatory approvals and commercial launch of Proxalutamide in China
- Strategically progress the clinical development of Proxalutamide in the United States and expand its indications
- Continue the clinical development of Pyrilutamide in both China and the United States
- Continue the clinical development of ALK-1 as a monotherapy and combination therapy and increase our focus on biologics R&D
- Enhance our proprietary R&D capabilities to further the development of potential first-in-class and best-in-class drugs, particularly based on our PROTAC technology platform
- Explore potential strategic partnerships with global pharmaceutical companies through licensing-in, licensing-out and collaboration opportunities

MARKET OPPORTUNITY AND COMPETITION OF OUR CORE PRODUCTS

Proxalutamide (GT0918)

Prostate Cancer

Enzalutamide is a second generation AR antagonist for the treatment of mCRPC that received NDA approval in the United States in August 2012 and in China in November 2019. As of the Latest Practicable Date, HC-1119, a deuterated form of Enzalutamide developed by Haisco, was undergoing phase III clinical trials for mCRPC in China. Proxalutamide is a novel second generation AR antagonist with a unique dual-acting mechanism which not only effectively inhibits androgen from binding to ARs, but also exhibits the biological effect of inducing decreased AR expression. Based on our clinical data to date, there has been no incidence of seizure, a reported side effect of Enzalutadmide, among over 600 Proxalutamide users enrolled in clinical trials, demonstrating a favourable safety profile, and given its dual-acting mechanism and chemical properties which down regulate AR expression, we believe Proxalutamide is a potential best-in-class drug for mCRPC. Following its NDA approval in November 2019, Enzalutamide commenced sales in China in March 2020.

Please refer to the section headed "Business – Our Pipeline of Drug Candidates – Our Clinical Stage Drug Candidates – Our Core Product-Proxalutamide (GT0918) (普克鲁胺) (mCRPC) – Market Opportunity and Competition" for further details.

Breast Cancer

As of the Latest Practicable Date, Proxalutamide was the only drug candidate developed by a pharmaceutical company undergoing clinical trials in China for AR+ breast cancer. Although over 50% breast cancer patients are AR+, no AR antagonist treatment had been approved for the treatment of metastatic breast cancer as of the Latest Practicable Date. Second-generation AR antagonists have been shown to be clinically effective in the treatment of breast cancer. Proxalutamide is a second-generation AR antagonist with a dual-action mechanism that down-regulates the AR expression, which is expected to be clinically effective in inhibiting the progression of advanced breast tumours expressing AR.

Please refer to the section headed "Business – Our Pipeline of Drug Candidates – Our Clinical Stage Drug Candidates – Proxalutamide (metastatic breast cancer) – Market Opportunity and Competition" for further details.

Pyrilutamide (KX-826)

Androgenetic Alopecia

As of the Latest Practicable Date, the primary treatments for androgenetic alopecia in China and United States were Minoxidil and Finasteride, each of which has limitations that we believe have led to significant unmet medical needs for treatments targeting androgenetic alopecia. According to the Frost & Sullivan Report, Minoxidil, which is applied topically, lacks clear evidence of mechanism, and the adverse sexual side effects of Finasteride has been a significant deterrent to a large pool of patients in electing to treat a primarily cosmetic condition. KX-826 is an AR antagonist designed for topical application, and it acts directly on the target treatment areas of the scalp. Based on pharmacological research and clinical trial data up to the Latest Practicable Date, our KX-826 had not demonstrated adverse sexual side

effects. We therefore believe KX-826 has the potential to attract a significantly larger pool of men suffering from androgenetic alopecia than existing treatment options and redefine the market landscape for androgenetic alopecia drugs.

Please refer to the section headed "Business – Our Pipeline of Drug Candidates – Our Clinical Stage Drug Candidates – Our Core Product – Pyrilutamide (KX-826) – Market Opportunity and Competition" for further details.

RESEARCH AND DEVELOPMENT

We have established an integrated R&D platform to support our drug development programmes from drug discovery to clinical trials. We conduct proprietary laboratory research to identify and select new compounds as our potential drug candidates, and we manage our drug development process primarily using our internal R&D resources to ensure that the process meets the quality standards we have set internally.

Our R&D initiatives are led by senior scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in the United States and who together provide us with combined expertise covering small molecule, biologics, compound design and commercialisation. Both of our co-founders, Dr. Tong and Dr. Guo, have been recognised as "State Specially Recruited Experts" (國家特聘專家) under the "One Thousand Foreign Experts Program" (千人計劃) for entrepreneurs and innovative talents.

Through the development of Proxalutamide and Pyrilutamide, we have accumulated significant expertise in AR-related know-how and have developed a leading AR technology platform. We believe we have accumulated industry-leading expertise in the field of AR signalling pathway, molecule design and PK/PD modelling. Leveraging our AR technology platform, we have successfully progressed Proxalutamide to phase III clinical trials in China, expanded the indication of Proxalutamide to metastatic breast cancer, and have also developed Pyrilutamide for androgenetic alopecia and acne vulgaris.

OUR LICENSING ARRANGEMENTS

Pfizer Licence Agreement

In February 2018, we entered into a licence agreement with Pfizer, pursuant to which we obtained an exclusive global licence under certain patents and know-how to use, develop, manufacture and commercialise the monoclonal ALK-1 antibody designated by Pfizer as PF-03446962 (the "**Compound**") and any pharmaceutical product in all dosage forms and formulations that includes or incorporates the Compound (the "**ALK-1 Product**") for the treatment of cancer. We are obligated to use commercially reasonable efforts to develop and commercialise the ALK-1 Product in specified major markets set out in the Pfizer Licence Agreement.

Yunxuan Technology Transfer Agreement

We entered into a technology transfer agreement with Suzhou Yunxuan Pharmaceutical Co. Ltd. (蘇州雲軒醫藥科技有限公司) ("**Suzhou Yunxuan**") on 14 December 2016 and a supplemental agreement on 13 June 2019, pursuant to which we acquired from Suzhou Yunxuan all patents, information, data and technological know-how relating to Hedgehog/SMO inhibitor (GT1708F) to develop and commercialise the corresponding drug candidate.

Peking University Technology Transfer Agreement

We entered into a technology transfer agreement with Peking University on 2 January 2019, pursuant to which we acquired from Peking University all information, data and technological know-how relating to c-Myc/Max compound to develop and commercialise the corresponding drug candidate.

For further details of the terms of the above licensing arrangements, please refer to the section headed "Business – Our Licensing Arrangements".

COMMERCIALISATION

Our preparation for commercialisation in the near-term will be focused on the targeted launch of Proxalutamide in China for mCRPC on the assumption that we obtain NDA approval.

Proxalutamide

We have a well-developed commercialisation plan in anticipation of Proxalutamide's NDA for mCRPC in China. We expect our own manufacturing facilities in Suzhou will be ready for GMP manufacturing in the third quarter of 2020, following which we will gradually shift our production of Proxalutamide from a CMO to our own manufacturing facilities. We have also recruited Mr. Mingming Yan, who has significant experience in marketing prostate cancer drugs in China, to lead our sales and marketing team as the vice president of sales, and have started recruiting a sales and marketing team which is expected to consist of over 100 personnel. In addition, we believe minimal additional product education will be required to gain wide clinical acceptance amongst leading oncologists and achieve market penetration because second generation AR antagonists are a well-researched class of drug and Proxalutamide is an innovative second generation AR antagonist based on well-researched AR mechanism.

Pyrilutamide

We plan to conduct the sales and marketing of Pyrilutamide primarily using our internal sales and marketing team, and we expect to commence recruiting sales and marketing personnel when we approach receiving NDA approval. We expect to collaborate with major distributors in China as well as online pharmacies for the distribution of Pyrilutamide, which we believe will enable us to tap into the large population with androgenetic alopecia through a combination of online and offline distribution channels. We signed a letter of intent on strategic collaboration with Sinopharm Holding Distribution Centre Co., Ltd. (國藥控股分銷中心有限公司) for our sales and distribution of Pyrilutamide in March 2020 and expect to enter into relevant binding agreements in due course. We plan to use our own manufacturing facilities in Pinghu and Suzhou for the manufacture of APIs and final products for Pyrilutamide.

MANUFACTURING

We acquired a parcel of land for industrial use with a site area of 19,998.42 sq.m. in Suzhou, on which we plan to build our own manufacturing facilities for the manufacture of Proxalutamide for its commercial sale, as well as other drug candidates for their clinical use or future commercial sale. We expect our facility in Suzhou to initially consist of a tablet production line for Proxalutamide with an expected production capacity of approximately 4.0

million tablets per annum. We also expect to expand our product lines to tincture. We expect our Suzhou facility will be ready for GMP manufacturing in the third quarter of 2020, following which we will gradually shift our production of Proxalutamide from the CMO to our own manufacturing facility.

We have also signed an agreement with the government of Pinghu, Zhejiang in May 2019 and expect to purchase a parcel of land with an area of 60 mu in Pinghu, Zhejiang for the establishment of manufacturing facilities for APIs in connection with our manufacture of Proxalutamide and Pyrilutamide. We expect the construction of our manufacturing facilities in Pinghu will commence by the end of 2020 or the first quarter of 2021 and we expect our manufacturing facilities in Pinghu will be ready for GMP manufacturing in the third quarter of 2023. We have established a manufacturing division to manage the establishment of our own manufacturing facilities. Please refer to the section headed "Business – Commercialisation" for further details of our manufacturing plan.

SUPPLIERS AND RAW MATERIALS

During the Track Record Period, our suppliers primarily consisted of (i) CROs and CMOs; (ii) licensors from which we obtained intangible assets in respect of our licensed-in drug candidates; (iii) construction contractors for our Suzhou manufacturing facilities; and (iv) suppliers of raw materials and other materials for R&D use.

For the years ended 31 December 2018 and 2019, our purchases from our five largest suppliers were RMB49.6 million and RMB146.7 million, respectively, accounting for approximately 54.8% and 51.8%, of our total purchases for the respective period. Our purchases from our largest supplier, were RMB21.4 million and RMB42.0 million, respectively, accounting for approximately 23.6% and 14.8%, of our total purchases for the respective period. Please refer to the section headed "Business – Suppliers and Raw Materials" for further details.

RISK FACTORS

We are a biotechnology company seeking to list on the Main Board under Chapter 18A of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours, including: (i) we are a pre-revenue biopharmaceutical company with a history of losses. Our financial prospects in the foreseeable future depend on the successful commercialisation of our drug candidates. If we fail to commercialise any of our drug candidates or otherwise to become or remain profitable, you may lose all or substantially all of your investment; (ii) we may need to obtain substantial additional funding our operations; (iii) we had net operating cash outflow during the Track Record Period; (iv) our success in the foreseeable future significantly depends on the successful completion of clinical trials, obtaining of regulatory approval and commercialisation of our only phase-III drug candidate, Proxalutamide, in China; (v) clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to achieve successful results in our clinical trials; (vi) our drug candidates are subject to extensive regulation, and we cannot assure you any of our drug candidates will receive regulatory approvals; (vii) we may not be able to effectively build and manage our sales network and implement our marketing strategies; (viii) if we are unable to obtain and maintain patent protection for our compounds or 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 commercialise drug candidates similar or identical to ours and compete directly against us, and our ability to successfully commercialise our drug candidates may be adversely affected; (ix) we have in-licensed our ALK-1, GT1708F and c-Myc, and may continue to seek strategic partnerships

or enter into additional licensing arrangements in the future, which is subject to risks; and (x) intangible assets constitute a substantial portion of our total assets; if we determine our intangible assets to be impaired, it would adversely affect our results of operations. A detailed discussion of these and other risks are set out in the section headed "Risk Factors" in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth selected financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this prospectus. The selected financial data set forth below should be read together with section our combined financial statements and the related notes, as well as "Financial Information" in this prospectus.

Summary Information from Consolidated Statements of Comprehensive Income

	For the year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Revenue[*Note*]	698	–
Cost of sales	(689)	–
Gross profit	9	–
Other income	12,298	19,018
Distribution and marketing costs	–	(336)
Administrative expenses	(24,104)	(32,763)
R&D costs	(93,198)	(214,019)
Other gains/(losses) – net	518	(587)
Operating loss	(104,477)	(228,687)
Finance costs – net	(4,007)	(3,890)
Net loss for the year	(108,484)	(232,577)

Note: During the Track Record Period, we generated limited revenue primarily from the provision of technology services to Suzhou Koshine in relation to the pre-clinical development of KX-826 prior to our acquisition of Suzhou Koshine in November 2018.

Our results of operations during the Track Record Period were primarily driven by our R&D costs and administrative expenses. Our R&D costs increased by RMB120.8 million, or 129.6%, from RMB93.2 million in 2018 to RMB214.0 million in 2019, primarily resulted from the advancement of our clinical trials for Proxalutamide's phase III clinical trials for mCRPC in China, ALK-1's phase II clinical trials for metastatic HCC in Taiwan, and Pyrilutamide's phase I clinical trials for androgenetic alopecia in China and the United States.

Our administrative expenses increased by RMB8.7 million, or 35.9%, from RMB24.1 million in 2018 to RMB32.8 million in 2019, primarily as a result of increased employee benefit expenses, increased listing expenses, increased depreciation and amortisation expenses primarily consisting of depreciation of right-of-use assets related to the expansion of leased office space and increased utilities and office expenses.

Please refer to "Financial Information – Review of Historical Results of Operations" for further details in respect of our historical results of operations.

Selected Financial Information from Our Consolidated Statements of Financial Position

	As of 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Non-current assets	205,254	332,763
Current assets	218,343	220,613
Current liabilities	108,385	142,583
Net current assets	109,958	78,030
Non-current liabilities	63,535	41,129
Net assets	251,677	369,664

We had net current assets of RMB110.0 million as of 31 December 2018 and net current assets of RMB78.0 million as of 31 December 2019. The decrease in our net current assets primarily resulted from (i) an RMB66.5 million decrease in restricted cash resulting from our repayment of borrowings and the corresponding decrease in cash pledged; (ii) an RMB61.7 million increase in trade and other payables primarily due to increased payables for property, plant and equipment in connection with the construction of our manufacturing facilities in Suzhou, increased payables to CROs and CMOs, as well as increased payables for listing expenses and salary and staff welfare; (iii) an RMB15.7 million increase in current borrowings; and (iv) an RMB1.2 million increase in lease liabilities primarily due to our office rental in Hong Kong, partially offset by (i) an RMB58.0 million increase in cash and cash equivalents following our receipt of proceeds from Series D investment; (ii) an RMB44.3 million decrease in amounts due to related parties primarily due to the settlement of payables for capital reduction in connection with our reorganisation; and (iii) an RMB10.8 million increase in other receivables, deposits and prepayments primarily due to increased prepayments to CROs and CMOs.

As of 31 December 2019, RMB179.3 million, or 32.4%, of our total assets consisted of intangible assets, which primarily arose from the in-licensing of drug candidates and the acquisition of a drug candidate from business combination. These drug candidates had not been put into commercial production and are classified as intangible assets not ready for use. Please refer to the section headed "Risk Factors – Risks Relating to our Financial Properties – Intangible assets constitute a substantial portion of our total assets; if we determine our intangible assets to be impaired, it would adversely affect our results of operations" for further details of the risks associated with our substantial intangible assets.

Summary Financial Information of Consolidated Statements of Cash Flow

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash used in operations before changes in working capital	(107,578)	(226,071)
Changes in working capital	(3,723)	145
Net interest paid	(3,567)	(2,116)
Net cash used in operating activities	(114,868)	(228,042)
Net cash used in investing activities	(64,748)	(7,013)
Net cash generated from financing activities	303,936	295,852
Net increase in cash and cash equivalents	124,320	60,797
Cash and cash equivalent at the beginning of year	13,193	137,513
Exchange losses on cash and cash equivalents	–	(2,778)
Cash and cash equivalent at the end of year	137,513	195,532

We experienced cash outflow from operating activities during the Track Record Period primarily because we incurred significant R&D and administrative costs without generating revenue from product sales. Our operating cash flow will continue to be affected by our R&D expenses, and we expect to have cash outflow from operating activities for the foreseeable future as we further our pre-clinical R&D initiatives, continue the clinical development of, and seek regulatory approvals for, our drug candidates, launch commercialisation of our products if any of them receives regulatory approvals, and add personnel necessary to operate our business.

We believe we will be able to improve our cash flow position and ensure working capital sufficiency in the future by generating cash flow from the product sales following the anticipated commercialisation of Proxalutamide and other drug candidates, as well as a combination of equity and debt financing channels, including credit facilities from commercial banks. We will also seek to explore licensing-out opportunities particularly for overseas markets, which will enable us to generate additional sources of funding for our working capital. In managing our cash outflow, we take a cautious approach in evaluating our R&D, administrative and other spendings.

Cash Operating Cost

The following table sets out the components of our cash operating cost for the periods indicated:

	For the year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
R&D cash costs for our Core Products		
Clinical research expenses	19,716	77,088
Employee benefit expenses	4,589	18,194
Third party contracting fees	15,479	16,333
Materials and consumables expenses	8,547	30,788
Others	1,805	2,179
R&D cash costs for our other drug candidates		
Clinical research expenses	2,021	14,847
Employee benefit expenses	12,620	11,741
Third party contracting fees	3,784	16,641
Materials and consumables expenses	1,055	6,746
Others	2,807	5,395
Workforce employment cost[Note]	2,746	9,186
	75,169	209,138

Note: Workforce employment cost represents total non-R&D staff costs mainly including salaries and bonus.

Certain Financial Ratio

The following table sets forth certain financial ratio as of the balance sheet dates indicated:

	As of 31 December	
	2018	2019
Current ratio	2.0	1.5

For further details, please refer to the section headed "Financial Information – Certain Financial Ratio".

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 9,235,000 Shares (subject to reallocation); and
- the International Offering of initially 83,112,500 Shares (subject to reallocation and the Over-allotment Option).

The Offer Shares will represent approximately 25% of the issued share capital of our Company immediately following the completion of the Capitalisation Issue and 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 27.7% of the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering.

OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 92,347,500 Offer Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 369,389,600 Shares are in issue upon completion of the Global Offering:

	Based on an Offer Price of HK$17.80	Based on an Offer Price of HK$20.15
Market capitalisation of our Shares[(1)]	HK$6,575.1 million	HK$7,443.2 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	HK$4.79 (RMB4.37)	HK$5.36 (RMB4.88)

Notes:

(1) The calculation of market capitalisation is based on 369,389,600 Shares expected to be in issue following completion of the Capitalisation Issue and the Global Offering. This calculation is based on the indicative Offer Prices of HK$17.80 and HK$20.15.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of a total of 369,389,600 Shares expected to be in issue following the completion of the Capitalisation Issue and the Global Offering. This calculation is based on the indicative Offer Prices of HK$17.80 and HK$20.15.

LISTING EXPENSES

Assuming an Offer Price of HK$18.98 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the listing expenses, including commissions and fees relating to the Global Offering, which are payable by us are estimated to amount in aggregate to be approximately RMB100.3 million (equivalent to approximately HK$110.1 million), of which approximately RMB41.0 million is expected to be charged to our consolidated statements of comprehensive income and approximately RMB59.2 million is expected to be capitalised. As of 31 December 2019, we had incurred RMB29.1 million of listing expenses, of which RMB22.7 million had been charged to our consolidated statements of comprehensive income and RMB6.4 million had been treated as a prepayment to be capitalised upon Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,642.7 million (after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering), assuming the Over-allotment Option is not exercised and an Offer Price of HK$18.98 per Share, being the mid-point of the indicative offer price range stated in this prospectus. We intend to use the net proceeds we receive from the Global Offering as follows:

- approximately 42% of the net proceeds (approximately HK$689.9 million) allocated to the development and commercialisation of one of our Core Products, Proxalutamide;

- approximately 28% of the net proceeds (approximately HK$460.0 million) allocated to the development and commercialisation of one of our Core Products, Pyrilutamide;

- approximately 14% of the net proceeds (approximately HK$230.0 million) allocated to the ongoing and planned clinical trials for our other clinical-stage drug candidates;

- approximately 6% of the net proceeds (approximately HK$98.6 million) allocated to the R&D of our pre-clinical stage drug candidates; and

- approximately 10% of the net proceeds (approximately HK$164.3 million) allocated to our working capital and general corporate purposes.

To the extent that our actual net proceeds from the Global Offering differ from our estimate above, we intend to apply the actual net proceeds in the same proportion set out above.

Please refer to the section headed "Future Plans and Use of Proceeds" for further details of our use of proceeds from the Global Offering.

DIVIDEND POLICY

We have not declared or paid any dividend since our inception. We do not currently have any dividend policy or intention to declare or pay any dividend in the near future. Any amount of dividends we pay will be at the discretion of our Directors and will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by our Company from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Directors. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the relevant laws. Please refer to a summary of the constitution of our Company and Cayman Companies Law set out in Appendix IV to this prospectus. As confirmed by our PRC legal advisers, according to applicable PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We experienced net loss during the Track Record Period, and we will only be able to declare dividends after all our historically accumulated losses have been made up for and the allocation of sufficient net profit to our statutory common reserve fund as described above. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Controlling Shareholders Dr. Tong, Dr. Guo, KT International and KG Development, who are parties acting in concert pursuant to the concert party agreement dated 27 August 2018, were interested in and controlled an aggregate of approximately 36.84% of the issued share capital of our Company.

Immediately following completion of the Capitalisation Issue and the Global Offering, and assuming that the Over-allotment Option is not exercised, the Controlling Shareholders will be interested in and control an aggregate of approximately 27.64% of the issued share capital of our Company and will cease to be our Controlling Shareholders under the Listing Rules.

Dr. Tong and Dr. Guo are both our Directors. Please refer to "Directors and Senior Management" of this prospectus for further details of the background of Dr. Tong and Dr. Guo.

PRIOR QUOTATION ON THE NEEQ

On 28 September 2016, Suzhou Kintor received the letter from National Equities Exchange and Quotations System Co., Ltd. (全國中小企業股份轉讓系統有限責任公司), granting approval for the quotation and trading by way of negotiated transfer of shares of Suzhou Kintor on NEEQ. The shares of Suzhou Kintor became quoted on the NEEQ (stock code: 839419) on 12 December 2016. We voluntarily ceased to have the shares of Suzhou Kintor be quoted on the NEEQ in June 2018. Please refer to the section headed "History, Development and Reorganisation – Prior Quotation on the NEEQ and Delisting" for further details of quotation on the NEEQ.

PRE-IPO INVESTMENTS

Since our inception, we have had five rounds of Pre-IPO Investments. For further details regarding the key terms of these Pre-IPO Investments and the background of our Pre-IPO Investors, please refer to the section headed "History, Development and Reorganisation – Pre-IPO Investments".

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We expect to record an increase in net loss in 2020 due to the expected increase in our R&D expenses.

We adopted the Employee Incentive Scheme on 31 March 2020 to attract, retain and motivate key employees for their contribution to our Group. On 31 March 2020, our Shareholders resolved to allot and issue 2,361,359 Shares to Kiya, representing approximately 8.52% of the total issued share capital of our Company as of the Latest Practicable Date, and 6.39% of the total issued Shares immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised. Please refer to "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" to this prospectus for further details of the principal terms of our Employee Incentive Scheme.

In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019 (COVID-19), was reported in Wuhan, China. The spread of COVID-19 subsequently evolved into a global pandemic and continues to affect China, where we manage our business and are conducting pre-clinical and clinical trials, as well as the United States and Taiwan, where we are also conducting multi-centre clinical trials. Governments in a number of affected countries, including in China and the United States, have locked down certain cities due to the spike in COVID-19 cases.

We are conducting multi-centre clinical trials for our drug candidates in the PRC, the United States and Taiwan. We have employed various measures to mitigate the impact of the COVID-19 outbreak on our ongoing clinical trials, including supplying enrolled patients with study medication through courier and arranging for enrolled patients to conduct check-ups at alternative medical centres if the ones they generally visit become unavailable. In respect of the development and commercialisation of our Core Products, we experienced slight delays in new patient enrolment for some of our on-going trials. Our clinical trial centre in Miami for Pyrilutamide's ongoing phase Ib clinical trials in the United States was temporarily closed, and as a result our study for Cohort 3 which was planned on 27 March 2020 will be on hold until further notice. Our CRO has assured us that our ongoing clinical trials for Pyrilutamide will be put in their top priorities with a view to completing the studies under the original timeline. Notwithstanding the temporary delays and disruptions, we currently do not anticipate any material deviation from our drug development, manufacturing and commercialisation plans, and the expected development progress of our Core Products has taken into account the temporary delays and disruptions on our ongoing clinical trials as a result of the COVID-19 outbreak. However, the COVID-19 pandemic is with limited precedent, and it is therefore not possible to predict the impact that it will ultimately have on our business or our industry.

To minimise the impact of the COVID-19 outbreak, we have also implemented company-wide self-protection policies for employees to either working remotely or onsite with protective masks and sanitisation. There is no assurance, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. For

details, please refer to "Risk Factors – Other Risks Relating to Our Operations – The COVID-19 pandemic could adversely impact our business and our ability to successfully complete our clinical trials in accordance with their anticipated timelines."

Our Directors confirm that, save as disclosed above, there has been no material adverse change in our financial, operational or trading positions or prospects since 31 December 2019, being the date of our consolidated financial statements as set forth in the Accountant's Report included in Appendix I to this prospectus, and that no material unexpected or adverse changes have occurred since the date of the issue of the relevant regulatory approvals for our drug candidates.

Assuming that (i) there will be no other sources of funding except for cash on hand, unutilised banking facilities and the receipt of net proceeds at the low end of the Offer Price range; (ii) there will be no cash generated from sales of products; and (iii) we will progress our drug development plan and incur R&D expenditures, as well as expand other aspects of our operations including manufacturing and sales and marketing, as currently contemplated as if we were in a cash-rich situation, we expect to be able to maintain viability for at least 24 months following Listing.

Our recent pre-clinical research collaboration with Soochow University in exploring the potential mechanism of COVID-19 gender disparity revealed that the blockage of AR signaling with AR antagonist Proxalutamide (GT0918) reduced the expression of ACE-2 and TMPRSS2, two key proteins for the cellular entry and infection by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) that caused COVID-19, in normal lung cells and cancer cells derived from prostate and lung cancer. Proxalutamide (GT0918) also inhibited the expression of inducible nitric oxide synthase (iNOS) and tumour necrosis factor-alpha (TNF α), the macrophage-activation markers, in mouse macrophage cells. These results support the role of androgen-AR signalling in the disease progression and mortality in male patients with COVID-19 and were published on the SSRN on 23 April 2020.

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

"Accountant's Report"	the accountant's report from PricewaterhouseCoopers, the text of which are set forth in Appendix I to this prospectus
"Aggregate Sales Price"	the sum of all cash, property, notes, cancellation of debt or other consideration received or to be received by the Company for the sale of Restricted Shares pursuant to the Employee Incentive Scheme. For purposes of determining Aggregate Sales Price, non-cash consideration shall be valued by reference to bona fide sales of that consideration made within a reasonable time or, in the absence of such sales, on the fair value as determined by an accepted standard and the value of services exchanged for RSAs issued shall be measured by reference to the value of the securities issued. The calculation of Aggregate Sales Price shall be made at the time of valid acceptance of a grant in accordance with the rules of the Employee Incentive Scheme
"Angel Investors"	Origin VC, Rongfeng, Incubator Investment and Legend Star
"Application Form(s)"	**white** application form(s), **yellow** application form(s) and **green** application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the amended and restated articles of association conditionally adopted by our Company on 30 April 2020 to take effect on the Listing Date, as amended from time to time, a summary of which is set forth in Appendix IV to this prospectus
"Award"	an award of RSA or RSU granted under the Employee Incentive Scheme to a participant under the Employee Incentive Scheme
"Beijing Yicheng Hongtai"	Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司), a limited company established in the PRC on 8 December 2015 and one of our Pre-IPO Investors

"Beijing Yirongchuang"	Beijing Yirongchuang Biopharmaceutical Industry Investment Center (Limited Partnership) (北京亦融創生物醫藥產業投資中心(有限合夥)), a limited partnership established in the PRC on 18 December 2015 and one of our Pre-IPO Investors
"Beixin Fund"	Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 29 December 2017 and one of our Pre-IPO Investors
"BioVenture Investment"	SIP Sungent Biology Venture Capital Investment Enterprise (Limited Partnership) (蘇州工業園區新建元生物創業投資企業(有限合夥)), a limited partnership established in the PRC on 28 October 2013 and one of our Pre-IPO Investors
"Board"	the board of directors of our Company
"Business Day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions of the Shareholders of Our Company" in Appendix V to this prospectus
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCB Investment"	CCBI Healthcare Growth Fund (建創中民(昆山)創業投資企業(有限合夥)), a limited partnership established in the PRC on 17 October 2017 and one of our Pre-IPO Investors
"CCBI Tech Venture"	CCBI Tech Venture (Suzhou) Combined Debt & Equity Private Equity Fund, LLP (建銀科創(蘇州)投貸聯動股權投資基金(有限合夥)), a limited partnership established in the PRC on 1 December 2017 and one of our Pre-IPO Investors
"CCBI Wealth Management"	CCB International Wealth Management (Tianjin) Limited (建銀國際財富管理(天津)有限公司), a company established in the PRC on 9 December 2008 and one of our Pre-IPO Investors
"CDE"	the Centre for Drug Evaluation of the NMPA
"CFDA"	the China Food and Drug Administration (中華人民共和國國家食品藥品監督管理局), the PRC governmental authority responsible for regulating food and drugs before the Institutional Reform Plan in 2018
"Chengdu Hi-Tech FTZ"	Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 12 February 2018 and one of our Pre-IPO Investors
"Cherry Cheeks"	Cherry Cheeks HK Limited, a company with limited liability incorporated in Hong Kong on 10 November 2017 and one of our Pre-IPO Investors
"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"	Kintor Pharmaceutical Limited, formerly known as KTKM Holdings Inc., an exempted company with limited liability incorporated in the Cayman Islands on 16 May 2018

"Controlling Shareholder(s)"	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. Tong, Dr. Guo, KT International and KG Development, which however will cease to be our Controlling Shareholders under the Listing Rules upon Listing
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this Prospectus, our Core Products consists of Proxalutamide (GT0918) and Pyrilutamide (KX-826)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Directors"	the directors of our Company
"Dongzheng Tengcong"	Shanghai Dongzheng Tengcong Investment Partnership (Limited Partnership) (上海東證騰驄投資合夥企業(有限合夥)), a limited partnership established in the PRC on 8 April 2016 and one of our Pre-IPO Investors
"Dr. Guo"	Dr. Chuangxing Guo, one of the co-founders, non-executive director and a Controlling Shareholder of the Company
"Dr. Tong"	Dr. Youzhi Tong, one of the co-founders, an executive Director, Chairman, Chief Executive Officer and a Controlling Shareholder of the Company
"EIT"	the enterprise income tax of the PRC
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) issued on 16 March 2007 and its implementation rules issued on 6 December 2007, both effective from 1 January 2008
"Employee Incentive Scheme"	the employee incentive scheme of our Company approved and adopted by our Board on 31 March 2020, particulars of which are set forth in the paragraph headed "D. Employee Incentive Scheme" in Appendix V to this prospectus
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party

"Frost & Sullivan Report"	an independent market research report prepared by Frost & Sullivan for the purpose of this prospectus
"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
"Green Pine"	Shenzhen Green Pine Growth No. 1 Equity Investment Partnership (Limited Partnership) (深圳市松禾成長一號股權投資合夥企業(有限合夥), a limited partnership established in the PRC on 17 March 2016 and one of our Pre-IPO Investors
"Group"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guangzhou Chengfa"	Guangzhou Chengfa Investment Management Advisory Co., Ltd (廣州城發投資管理諮詢有限公司), a limited company established in the PRC on 24 March 2014 and one of our Pre-IPO Investors
"Highlight Medical"	Highlight Medical Limited, a limited company incorporated in Hong Kong on 17 April 2015 and one of our Pre-IPO Investors
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 9,235,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offering"	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in "Structure of the Global Offering" in this prospectus) for cash 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 conditions set out in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement on or around 10 May 2020, relating to the Hong Kong Public Offering, entered into among, inter alia, the Hong Kong Underwriters and our Company, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering" in this prospectus
"Hongtuo Investment"	Suzhou Hongtuo Investment Consulting Centre (Limited Partnership) (蘇州弘拓投資諮詢中心(有限合夥)), a limited partnership established in the PRC on 22 December 2015 by us for an employee share scheme
"Incubator Investment"	Suzhou Industrial Park Incubator Investment Leading Fund Management Centre (蘇州工業園區創業投資引導基金管理中心), an independent third party and one of our pre-IPO Investors who had divested as at the Latest Practicable Date
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board
"independent third party"	an individual or a company who or which is not a director, chief executive or substantial shareholder of our Company or any of our subsidiaries, or an associate of any of such director, chief executive or substantial shareholder
"International Offer Shares"	the 83,112,500 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment and re-allocation as described in the section headed "Structure of the Global Offering" in this prospectus

"International Offering"	the conditional placing of the International Offer Shares outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company and the International Underwriters on or about 15 May 2020. Please refer to the section headed "Underwriting – Underwriting Arrangements and Expenses – International Offering" in this prospectus
"Jirun Investment"	Suzhou Jirun Emerging Industry Investment Centre (Limited Partnership) (蘇州吉潤新興產業投資中心(有限合夥)), a limited partnership established in the PRC on 29 June 2017 and one of our Pre-IPO Investors
"Joinne MingYuan"	SIP Joinne MingYuan Venture Capital Centre (Limited Partnership) (蘇州工業區園區中億明源創業投資中心(有限合夥)), a limited partnership established in the PRC on 17 March 2015 and one of our Pre-IPO Investors
"Joint Bookrunners"	Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, China Renaissance Securities (Hong Kong) Limited, Haitong International Securities Company Limited, CCB International Capital Limited and China Everbright Securities (HK) Limited
"Joint Global Coordinators"	Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited
"Joint Lead Managers"	Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, China Renaissance Securities (Hong Kong) Limited, Haitong International Securities Company Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited and SPDB International Capital Limited

"KG Development"	KG Development Limited, a company incorporated in the BVI as a BVI business company on 15 May 2018, which is wholly-owned by Dr. Guo and is one of our Controlling Shareholders
"Kintor Pharmaceuticals"	Kintor Pharmaceuticals Hong Kong Limited, a company with limited liability incorporated in Hong Kong on 17 May 2018 and an indirectly wholly-owned subsidiary of our Company
"Kintor Science"	Kintor Science Limited, a company with limited liability incorporated in Hong Kong on 15 June 2018 and a wholly-owned subsidiary of our Company
"Kiya"	Kiya Company Limited, a company incorporated in the Cayman Islands on 17 February 2020 with limited liability, which is a wholly-owned subsidiary of the Trustee
"Koshine Pharmaceuticals"	Koshine Pharmaceuticals Limited, a company with limited liability incorporated in Hong Kong on 1 August 2018 and a wholly-owned subsidiary of our Company
"KT International"	KT International Investment Limited, a company incorporated in the BVI as a BVI business company on 15 May 2018, which is wholly-owned by Dr. Tong and is one of our Controlling Shareholders
"Latest Practicable Date"	4 May 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Legend Star"	Tianjin Legend Star Venture Capital Co., Ltd. (堆龍德慶星辰創業投資有限公司, formerly known as 天津聯想之星創業投資有限公司), a company established in the PRC on 9 January 2012 and one of our Pre-IPO Investors.
"Lhasa Qingzhe"	Lhasa Qingzhe Venture Capital Partnership (Limited Partnership) (拉薩慶喆創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on 30 June 2016 and one of our Pre-IPO Investors
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or around Friday, 22 May 2020, from which the Shares are listed and dealings therein are first permitted to take place 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
"M&A Rules"	Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted by our Company on 30 April 2020, as amended from time to time
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOH"	the Ministry of Health of the PRC (中華人民共和國衛生部), one of the predecessor of the NHFPC
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"NHC"	the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
"NHFPC"	the National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會), which was reorganised from the former MOH & National Population and Family Planning Commission in March 2013
"NHSA"	the National Healthcare Security Administration (國家醫療保障局)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the CFDA according to the Institutional Reform Plan of the State Council

"Offer Price"	the final HK dollar price per Offer Share (exclusive of brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Offer Shares are to be offered under the International Offering, to be determined in the manner further described in the section headed "Structure of the Global Offering – Pricing and allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
"Origin VC"	Suzhou Industrial Park Origin Venture Capital Co., Ltd. (蘇州工業園區原點創業投資有限公司), a limited partnership established in the PRC on 26 March 2008 and one of our Pre-IPO Investors
"Oriza Flight"	Oriza Flight International Limited, a company incorporated in the Cayman Islands with limited liability on 2 January 2018, an indirectly wholly owned subsidiary of the Company
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters exercisable by the Joint Global Coordinators for themselves and on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue up to 13,852,000 additional new Shares, representing approximately 15% of the Shares initially available under the Global Offering, to cover over-allocations in the International Offering (if any) as described in the section headed "Structure of the Global Offering – Over-allotment Option" in this prospectus
"PBOC"	People's Bank of China, the central bank of the PRC
"Pfizer"	Pfizer, Inc., a corporation organised and existing under the laws of the State of Delaware, United States, and a research-based global biopharmaceutical company
"PRC" or "China"	People's Republic of China and "Chinese" shall be construed accordingly. References in this prospectus to the PRC or China exclude Hong Kong, Macao and Taiwan

"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Pre-IPO Investment(s)"	the Pre-IPO investments in the Company undertaken by the Pre-IPO Investors. Please refer to the section headed "History, Development and Reorganisation" in this prospectus for further details
"Pre-IPO Investor(s)"	the Angel Investors, Series A Investor, Series B Investors, Series C Investors and Series D Investors
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be Friday, 15 May 2020, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than Thursday, 21 May 2020
"QIB"	a qualified institutional buyer as defined in Rule 144A
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their or the Company's respective directors, officers, agents, or representatives or advisers or any other person involved in the Global Offering
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Board by our Shareholders, particulars of which are set forth in the paragraph headed "A. Further Information about Our Company and Our Subsidiaries – 6. Repurchase of Our Own Securities" in Appendix V to this prospectus
"Restricted Share"	a share granted to participant under the Employee Incentive Scheme that is subject to such terms and conditions as set forth in the rules of the Employee Incentive Scheme
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC

"Rongfeng"	Suzhou Rongfeng Investment Management Co., Ltd (蘇州融風投資管理有限公司), and independent third party and one of our Pre-IPO Investors which had divested as at the Latest Practicable Date
"RSA"	a Restricted Share award, consisting of Restricted Shares granted to participant under the Employee Incentive Scheme that is subject to such vesting and transfer requirements as the Board shall determine, and such other conditions, as are set forth in the rules of the Employee Incentive Scheme
"RSU"	a restricted share unit award granted to a participant under the Employee Incentive Scheme that is subject to such terms and conditions as set forth in the rules of the Employee Incentive Scheme, and each restricted share unit represents one underlying Share
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government authority responsible for matters relating to foreign exchange administration
"Series A Investor"	BioVenture Investment
"Series B Investors"	Highlight Medical, Taihong Jinghui and Joinne MingYuan
"Series C Investors"	Highlight Medical, Origin VC, Green Pine, Dongzheng Tengcong, Beixin Fund, Jirun Investment, CCBI Wealth Management, CCB Investment, Cherry Cheeks and Lhasa Qingzhe
"Series D Investors"	Shanghai FTZ Fund, Chengdu Hi-Tech FTZ, Sinvas Asset, Guangzhou Chengfa, Beijing Yicheng Hongtai, Beijing Yirongchuang, Cherry Cheeks, Zhuhai Huajin, CCBI Tech Venture and Cheung Ming Ming
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shanghai FTZ Fund"	Shanghai Pilot Free Trade Zone Phase One Private Equity Fund Partnership (Limited Partnership) 上海自貿試驗區一期股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 19 May 2015 and one of our Pre-IPO Investors

"Shareholders"	holders of Shares
"Shares"	shares with a nominal value of US$0.0001 each in the capital of our Company
"Sinvas Asset"	Sinvas Asset Management Pte. Ltd, a private company limited by shares incorporated in Singapore on 22 February 2018 and one of our Pre-IPO Investors
"Sole Sponsor"	Huatai Financial Holdings (Hong Kong) Limited
"Stabilising Manager"	UBS AG Hong Kong Branch
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilising Manager and KT International on or around the Price Determination Date pursuant to which KT International is expected to agree to lend in aggregate up to 13,852,000 Shares to the Stabilising Manager on the terms set out therein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Kintor"	Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), a company established in the PRC with limited liability on 24 March 2009 and a wholly-owned subsidiary of our Company
"Suzhou Koshine"	Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司), a company established in the PRC with limited liability on 21 September 2010. We acquired control of Suzhou Koshine on 27 November 2018. Please refer to the section headed "History, Development and Reorganisation – Acquisition of Control of Suzhou Koshine" in this prospectus for further details
"Taihong Jinghui"	Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), a limited partnership established in the PRC on 22 July 2014 and one of our Pre-IPO Investors
"Track Record Period"	the period comprising the two years ended 31 December 2018 and 2019
"Trustee"	Sovereign Fiduciaries (Hong Kong) Limited, a company incorporated in the Cayman Islands with limited liability, which acts as the trustee under the Employee Incentive Scheme

"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"U.S. FDA"	Food and Drug Administration of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"USD" or "US$"	United States dollars, the lawful currency of the United States
"Vigers"	Vigers Appraisal & Consulting Limited, an independent property valuer
"we", "us" or "our"	our Company and, unless the context indicates otherwise, its subsidiaries
"**White Form eIPO**"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Zhuhai Huajin"	Zhuhai Huajin Chuangying No. 8 Equity Investment Fund Partnership (Limited Partnership) (珠海華金創盈八號股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 31 January 2019 and one of our Pre-IPO Investors

In this prospectus, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of the PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like are translation and/or transliterations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations and/or transliterations, the Chinese names shall prevail.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

This glossary contains definitions of certain terms used in this prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions.

"Abiraterone"	a synthetic, steroidal CYP17A1 inhibitor and the active metabolite of abiraterone acetate, an ester and prodrug of abiraterone that is used in the treatment of prostate cancer
"ACE-2"	a gene which encodes angiotensin-converting enzyme 2, a protein that belongs to the angiotensin-converting enzyme family of dipeptidyl carboxydipeptidases and has considerable homology to human angiotensin 1 converting enzyme. This protein is a functional receptor for the spike glycoprotein of the human coronavirus HCoV-NL63 and the human severe acute respiratory syndrome coronaviruses, SARS-CoV and SARS-CoV-2 (COVID-19 virus)
"acute myeloid leukaemia"	a type of cancer in which the bone marrow makes abnormal myeloblasts (a type of white blood cell), red blood cells, or platelets
"ADP"	adenosine diphosphate, a molecule consisting of an adenosine unit
"adverse event(s)" or "AE(s)"	an unexpected medical problem that happens during treatment with a drug or other therapy. Adverse events may be mild, moderate, or severe, and may be caused by something other than the drug or therapy being given
"AKT"	serine/threonine kinase, a critical effector in regulating diverse cellular functions including metabolism, growth, proliferation, survival, transcription and protein synthesis
"ALK-1"	activin receptor-like kinase-1, an antagonistic mediator of lateral transforming growth factor-beta/ALK-5 signalling, also known as GT90001
"ALK-5"	the transforming growth factor-beta type I receptor kinase, an attractive target for intervention in transforming growth factor-beta signalling due to its druggability as well as its centrality and specificity in the pathway
"ALT"	Alanine transaminase, a transaminase enzyme found primarily in the liver
"AMD"	age-related macular degeneration, an age-related eye disease caused by degeneration of the cells of the macula lutea and results in blurred vision
"AMPK"	adenosine monophosphate activated protein kinase, an enzyme that plays a role in cellular energy homeostasis

"ANDA"	abbreviated new drug application, a simplified submission to the U.S. FDA requesting authorisation to market a new formulation of an existing drug or an investigational drug similar to an already approved drug, for which both its therapeutic indications and formulation were previously approved by the U.S. FDA
"androgen"	a steroid hormone that promotes male secondary sex characters
"androgenetic alopecia"	androgenetic alopecia is a common form of hair loss in both men and women, which is divided into male-pattern baldness and female pattern-baldness
"anemia"	a condition in which the blood has a lower-than-normal amount of red blood cells or hemoglobin
"API"	active pharmaceutical ingredient, the substance in a pharmaceutical drug that is biologically active
"apoptosis"	a type of cell death in which a series of molecular steps in a cell lead to its death. This is one method the body uses to get rid of unneeded or abnormal cells. The process of apoptosis may be blocked in cancer cells
"AR"	androgen receptor
"AR+"	androgen receptor positive
"assay"	a laboratory test to find and measure the amount of a specific substance
"astrocytoma"	a type of cancer of the brain, originating in astrocytes
"ATP"	adenosine triphosphate, an organic chemical that provides energy to drive various cellular processes
"AUC"	a measure of how much drug reaches a person's bloodstream in a given period of time after a dose is given. The information is useful for determining dosing and for identifying potential drug interactions
"AUC_{0-t}"	area under the concentration - time curve from the first time point measured (0) to the last time point measured (t)
"Avastin"	a drug binds to vascular endothelial growth factor, preventing or reducing micro-vascular formation and growth and inhibiting metastatic disease progression
"Axitinib"	a drug inhibits receptor tyrosine kinases, including vascular endothelial growth factor receptors at therapeutic plasma concentrations that are implicated in pathologic angiogenesis, tumour growth, and cancer progression

"BCC"	basal-cell carcinoma
"best-in-class"	the drug with the best clinical advantage within a drug class
"Bicalutamide"	an anti-AR that is used primarily in the treatment of prostate cancer
"biological drug"	a substance that is made from a living organism or its products and is used in the prevention, diagnosis, or treatment of cancer and other disease
"biomarker"	a naturally occurring molecule, gene, or characteristic by which a particular pathological or physiological process, disease, etc. can be identified
"blood-brain barrier"	a network of blood vessels and tissue that is made up of closely spaced cells and helps keep harmful substances from reaching the brain
"BRCA"	either of two tumour suppressor genes (BRCA1 or BRCA2) that are associated with an increased risk of developing familial breast and ovarian cancer when inherited in a mutated state
"BRCA1"	a tumour suppressor gene that produces a protein that protects against unwanted cell growth if the gene is healthy but produces a faulty protein that is unable to prevent proliferation of abnormal cells as they evolve into potentially deadly breast cancer if the gene is defective
"BRCA2"	a tumour suppressor gene that gives carriers of germline mutations in BRCA2 an increased risk, similar to that of those with BRCA1 mutations, of developing breast cancer and a moderately increased risk of ovarian cancer. BRCA2 families also exhibit an increased incidence of male breast, pancreatic, prostate, laryngeal, and ocular cancers
"breakthrough therapy"	a process designed to expedite the development and review of drugs that are intended to treat a serious condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over available therapy on a clinically significant endpoint(s)
"carcinoma"	a cancer that begins in the skin or in tissues that line or cover internal organs
"chemotherapy"	treatment that uses drugs to stop the growth of cancer cells, either by killing the cells or by stopping them from dividing
"Cisplatin"	a drug used to treat certain types of bladder, ovarian, and testicular cancer
"clinical trial"	a research study that explores whether a medical strategy, treatment, or device is safe and effective for humans

"CLL/Chronic lymphocytic leukaemia"	an indolent (slow-growing) cancer in which too many immature lymphocytes (white blood cells) are found mostly in the blood and bone marrow
"C_{max}"	the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given
"CML/Chronic myeloid leukaemia"	an indolent (slow-growing) cancer in which too many myeloblasts are found in the blood and bone marrow
"CMO(s)"	a company that offers manufacturing services, with volume capabilities ranging from small amounts for preclinical R&D to larger volumes necessary for clinical trials purposes and commercialisation
"CNIPA"	National Intellectual Property Administration of the PRC
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"Combination therapy"	therapy that combines more than one method of treatment
"CRO"	contract research organisation, a company hired by another company or research centre to take over certain parts of running a clinical trial. The company may design, manage, and monitor the trial, and analyse the results
"CRPC"	castration-resistant prostate cancer, prostate cancer that keeps growing even when the amount of testosterone in the body is reduced to very low levels
"CYP17A1"	an enzyme of the hydroxylase type that in humans is encoded by the CYP17A1 gene on chromosome 10
"Detorsertib" or "GT0486"	an inhibitor of the PI3K/mTOR signalling pathway and a second generation mTOR inhibitor under development by our Group primarily for the treatment of metastatic solid tumours such as breast cancer, prostate cancer and liver cancer
"deuterate"	to introduce deuterium into (a chemical compound) or to treat or combine with deuterium
"DHT"	dihydrotestosterone, a male sex hormone which is the active form of testosterone, formed from testosterone in bodily tissue

"DLT"	dose limiting toxicity, usually encompassing all grade 3 or higher toxicities with the exception of grade 3 nonfebrile neutropenia and alopecia according to the National Cancer Institute's Common Terminology Criteria for Adverse Events (CTCAE) classification
"Docetaxel"	a chemotherapy medication used to treat cancer (such as breast, lung, prostate, stomach, and head/neck cancer), which works by slowing cell growth
"dose-escalation test"	test involving dose ranging to determine the best dose of the treatment
"dose-expansion test"	test enrolling additional participants to typically further evaluate efficacy, safety, tolerability, PK, and pharmacodynamics
"endothelial cell"	the main type of cell found in the inside lining of blood vessels, lymph vessels, and the heart
"Enzalutamide"	a drug indicated for the management of mCRPC in patients previously treated with Docetaxel
"Finasteride"	a medication used for the treatment of benign prostatic hyperplasia (enlarged prostate) and pattern hair loss
"first-in-class"	a drug that uses a new and unique mechanism of action for treating a medical condition
"First-in-Human"	a key step in medicines development, where a medicine already tested *in vitro,* in animals or in other preclinical studies is administered to people for the first time
"first-line therapy"	the first treatment given for a disease. It is often part of a standard set of treatments, such as surgery followed by chemotherapy and radiation. When used by itself, first-line-therapy is the one accepted as the best treatment
"Flutamide"	a synthetic, non-steroidal anti-androgen used primarily to treat prostate cancer
"GCP"	good clinical practice, an international ethical and scientific quality standard developed by International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) for designing, conducting, recording and reporting trials that involve the participation of human subjects
"GCV"	geometric mean of coefficient of variance
"genotoxicity"	the property of chemical agents that damages the genetic information within a cell causing mutations, which may lead to cancer

"GIST"	gastrointestinal stromal tumour, a type of tumour that occurs in the gastrointestinal tract, most commonly in the stomach or small intestine
"Gleason score"	the Gleason score is the grading system used to determine the aggressiveness of prostate cancer. Typical Gleason scores range from 6-10. The higher the Gleason score, the more likely that the cancer will grow and spread quickly. Scores of 6 or less describe cancer cells that look similar to normal cells and suggest that the cancer is likely to grow slowly. A score of 7 suggests and intermediate risk for aggressive cancer. Scoring a 7 means that the primary score (largest section of the tumor) scored a 3 or 4. Tumours with a primary score of 3 and a secondary score of 4 have a fairly good outlook, whereas cancers with a primary Gleason score of 4 and a secondary score of 3, are more likely to grow and spread. Scores of 8 or higher describe cancers that are likely to spread more rapidly, these cancers are often referred to as poorly differentiated or high grade.
"GMP" or "Good Manufacturing Practices"	the regulation adopted at the executive meeting of the Ministry of Health on 19 October 2010 and became effective as of 11 March 2011, as further amended from time to time. The provisions of GMP for drugs were enacted in accordance with the Drug Administration Law of the PRC and the Regulations for Implementation of the Drug Administration Law of the PRC to regulate the manufacturing and quality management of Drugs. The purpose is to ensure that the drug products are consistently manufactured in accordance with the registration requirements and are suitable for their intended use
"grade 1"	common terminology criteria for adverse events developed by the national cancer institute of the U.S.; for adverse event grade 1, the degree of severity for adverse reactions is mild, asymptomatic or mild symptoms; clinical or diagnostic observations only; and intervention not indicated
"grade 2"	common terminology criteria for adverse events developed by the national cancer institute of the U.S.; for adverse event grade 2, the degree of severity for adverse reactions is moderate; minimal, local or noninvasive intervention indicated; limiting age-appropriate instrumental activities of daily living
"grade 3"	common terminology criteria for adverse events developed by the national cancer institute of the U.S.; for adverse event grade 3, the degree of severity for adverse reactions is severe or medically significant but not immediately life-threatening; hospitalisation or prolongation of hospitalisation indicated, disabling, and limiting self care activates of daily living

"grade 4"	common terminology criteria for adverse events developed by the national cancer institute of the U.S.; for adverse event grade 4, the degree of severity for adverse reactions is life-threatening consequences; urgent intervention indicated
"GT1708F"	an inhibitor of the hedgehog signal transduction pathway under development by our Group primarily for the treatment of leukaemia and BCC
"HCC"	hepatocellular carcinoma, a common type of liver cancer
"hedgehog"	one of the anticancer targets, when hedgehog is not turned off during adulthood, it promotes the growth of cancer cells
"hedgehog signalling pathway"	a highly conserved evolutionary pathway of signal transmission from the cell membrane to the nucleus
"Hela cells"	the first continuously cultured human malignant cells, derived from a cervical carcinoma of a patient called Henrietta Lacks
"hepatocyte"	the major parenchymal cells in the liver
"HER2"	human epidermal growth factor receptor-2
"Hit to lead"	a stage in early drug discovery where small molecule hits from a high throughput screen are evaluated and undergo limited optimisation to identify promising lead compounds
"hypertriglyceridemia"	an elevated level of tryglycerides (a type of lipid) in the blood stream a condition that increases the risk of coronary artery disease
"IC_{50}"	the half maximal inhibitory concentration, which is a measure of the effectiveness of a substance in inhibiting a specific biological or biochemical function that indicates how much of a particular drug or other substance (inhibitor) is needed to inhibit a given biological process (or component of a process, i.e. an enzyme, cell, cell receptor or microorganism) by half
"IDO"	indoleamine 2,3-dioxygenase, an inducible enzyme that catalyses the rate-limiting first step in tryptophan catabolism
"IgG2"	immunoglobulin G2, a immunoglobulin G subclass
"immunotherapy"	a type of treatment of disease by inducing, enhancing, or suppressing an immune response
"*in vitro*"	Latin for "in glass" studies in vitro are conducted using, components of an organism that have been isolated from their usual biological entities

"*in vivo*"	Latin for "within the living"; studies *in vivo* are those conducted with living organisms in their normal and intact state
"IND"	investigational new drug
"inhibitor"	a chemical or substance added or applied to another substance to slow down a reaction or to prevent an unwanted chemical change
"Ki"	the inhibitor constant, an indication of how potent an inhibitor is
"kinase"	a subclass of the transferases, comprising the enzymes that catalyse the transfer of a high-energy group from a donor to an acceptor, and named, according to the acceptor, as creatine kinase, fructokinase, etc.
"KOLs"	the acronym of key opinion leaders
"LDL"	low-density lipoprotein, a lipoprotein that is the form in which cholesterol is transported in the bloodstream to the cells and tissues of the body. High levels of low-density lipoprotein in the blood are associated with atheroma
"leukaemia"	a group of cancers that usually begin in the bone marrow and result in high numbers of abnormal white blood cells
"LHRH"	luteinising hormone-releasing hormone, a hormone made by a part of the brain called the hypothalamus
"lymphoma"	cancers that originate in the lymphatic system
"MAH"	marketing authorisation holder, the company in whose name the marketing authorisation has been granted
"mCRPC"	the acronym of metastatic castration-resistant prostate cancer
"melanoma"	a skin cancer that begins in cells called melanocytes
"microsome"	a small particle in the cytoplasm of a cell, typically consisting of fragmented endoplasmic reticulum to which ribosomes are attached
"Minoxidil"	the first drug approved by the U.S. FDA for the treatment of androgenetic alopecia (hair loss)
"MOA"	mechanism of action
"MOH"	The Ministry of Health of the People's Republic of China, a member of the PRC State Council with a mandate in health
"monotherapy"	the use of a single drug to treat a disease or condition

"MRCT"	Multi-Regional Clinical Trials
"MTD"	maximum tolerable dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"mTOR"	mammalian target of rapamycin, a critical effector in cell-signalling pathways commonly deregulated in human cancers
"mTORC1"	mTOR complex 1, a complex of mTOR
"mTORC2"	mTOR complex 2, a complex of mTOR
"MTT"	3-(4,5-Dimethylthiazol-2-yl)-2,5-diphenyltetrazolium bromide, used to determine cell viability in cell proliferation and cytotoxic assays
"mutation"	gene mutation, a permanent alteration in the DNA sequence that makes up a gene
"NDA"	new drug application
"Nilutamide"	a synthetic, non-steroidal agent with anti-androgenetic properties, which may inhibit androgen-dependent growth of normal and neoplastic prostate cells
"Nivolumab"	a human immunoglobulin G4 (IgG4) monoclonal antibody, which targets the negative immunoregulatory human cell surface receptor programmed death-1 (PD1, PCD1,) with immune checkpoint inhibitory and antineoplastic activities
"nmCRPC"	non-metastatic castration-resistant prostate cancer
"PARP"	poly ADP ribose polymerase, which plays an important role in various cellular processes
"PD-1"	programmed cell death protein 1, a protein that in humans is encoded by the programmed cell death 1 (PDCD1) gene
"PD-L1"	programmed cell death-ligand 1, part of an immune checkpoint system that is essential for preventing autoimmunity and cancer
"pharmacodynamics"	the study of the biochemical and physiological effects of drugs and the mechanisms of their actions, including the correlation of their actions and effects with their chemical structure
"pharmacology"	the branch of biology concerned with the study of drug action
"phase I clinical trial(s)"	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 trial(s)"	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 trial(s)"	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 labelling of the product
"phosphorylation"	a biomedical process that involves the addition of phosphate to an organic compound
"PI"	principal investigator, the scientist in charge of an experiment or research project
"PI3K"	the acronym of Phosphoinositide 3-kinase, a family of enzymes involved in cellular functions such as cell growth, proliferation, differentiation, motility, survival, and intracellular trafficking, which in turn are involved in cancer
"placebo-controlled"	a term used to describe a method of research in which an inactive substance (a placebo) is given to one group of participants, while the treatment (usually a drug or vaccine) being tested is given to another group. The results obtained in the two groups are then compared to see if the investigational treatment is more effective than the placebo
"Proxalutamide" or "GT0918"	a small molecule second generation AR antagonist under development by our Group for the treatment of mCRPC and AR+ metastatic breast cancer
"PSA"	prostate-specific antigen, a protein produced by the prostate that may be present at elevated levels in patients with cancer or other disease of the prostate, which is commonly used as an efficacy indicator of anti-prostate cancer drugs
"PTEN"	phosphatase and tensin homolog, a protein encoded by the PTEN gene that provides instructions for making an enzyme that is found in almost all tissues in the body
"Pyrilutamide" or "KX-826"	an AR antagonist under development by our Group as a topical drug for the treatment of androgenetic alopecia and acne vulgaris
"RECIST"	Response Evaluation Criteria in Solid Tumour, a set of published rules that define when tumours in cancer patients improve (respond), stay the same (stabilise), or worsen (progress) during treatment
"renal cell carcinoma"	a type kidney cancer that originates in the lining of the proximal convoluted tubule, the very small tubes in the kidney that filter the blood and remove waste products

"rPFS"	radiographic progression free survival
"SAE(s)"	serious adverse event(s), adverse event(s) resulting in death, life-threatening AE, inpatient hospitalisation or prolongation of hospitalisation, persistent or significant incapacity or substantial disruption of the ability to conduct normal life functions, or congenital anomaly/birth defect
"SCID"	severe combined immunodeficiency disease, caused by defects in any of several possible genes, which makes those affected highly susceptible to life-threatening infections by viruses, bacteria and fungi
"single agent"	treatment using a single pharmaceutical product
"SMO"	smoothened, a Class Frizzled G protein-coupled receptor that is a component of the hedgehog signalling pathway
"solid tumour"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumours may be benign (not cancer), or malignant (cancer). Different types of solid tumours are named for the type of cells that form them. Examples of solid tumours are sarcomas, carcinomas, and lymphomas
"Sorafenib"	a drug decreases tumour cell proliferation in vitro and inhibits tumour growth of murine renal cell carcinoma; interacts with multiple intracellular and cell-surface kinases, several of which are involved with angiogenesis
"SSRN"	formerly known as Social Science Research Network, a repository and international journal devoted to the rapid dissemination of scholarly research in the social sciences, humanities and others
"TEAE(s)"	treatment emergent adverse events
"testosterone"	a steroid hormone that stimulates development of male secondary sexual characteristics, produced mainly in the testes, but also in the ovaries and adrenal cortex
"thrombocytopenia"	a condition resulting in a low blood platelet count
"TMPRSS2"	a gene which encodes transmembrane serine protease 2, a protein that belongs to the serine protease family. This protein facilitates entry of viruses into host cells by proteolytically cleaving and activating viral envelope glycoproteins. Viruses found to use this protein for cell entry include Influenza virus and the human coronaviruses HCoV-229E, MERS-CoV, SARS-CoV and SARS-CoV-2 (COVID-19 virus)
"TNBC"	triple negative breast cancer, a type of breast cancer that does not have any of the three receptors commonly found on breast cancer cells – the oestrogen, progesterone and HER2 receptors

"tumour microenvironment"	the normal cells, molecules, and blood vessels that surround and feed a tumour cell. A tumour can change its microenvironment, and the microenvironment can affect how a tumour grows and spreads
"VEGF"	vasoactive endothelial growth factor, a potent angiogenic factor and was first described as an essential growth factor for vascular endothelial cells
"Vismodegib"	a drug indicated for the treatment of metastatic BCC or locally advanced basal cell carcinoma which has recurred in patients who are not candidates for further surgery or radiation
"wild-type"	a strain, gene, or characteristic which prevails among individuals in natural conditions, as distinct from an atypical mutant type
"3+3 design"	the prevailing method for conducting phase I clinical trials. This rule-based design proceeds with cohorts of three patients; the first cohort is treated at a starting dose that is considered to be safe based on extrapolation from animal toxicological data, and the subsequent cohorts are treated at increasing dose levels that have been fixed in advance. If none of the three patients in a cohort experiences a dose-limiting toxicity, another three patients will be treated at the next higher dose level. However, if one of the first three patients experiences a dose-limiting toxicity, three more patients will be treated at the same dose level. The dose escalation continues until at least two patients among a cohort of three to six patients experience dose-limiting toxicities (that is, at least 33% of patients with a dose-limiting toxicity at that dose level)

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include all statements in this prospectus that are not historical fact, including, without limitation, statements relating to:

- our expectations with respect to obtaining regulatory approvals for Proxalutamide, commencing its commercial production and its ability to achieve market penetration;
- our expectations with respect to the potential clinical benefits and competitive positioning of our drug candidates;
- our expectations or targets for the timing and likelihood of achieving milestones associated with our drug development programmes, including the commencement and completion of clinical trials, as well as the target timing of regulatory approvals and commercial launch of our product candidates;
- our ability to successfully commercialise our drug candidates;
- our ability to retain key executives and senior management;
- our strategies, business plans, objectives, prospects and goals;
- the future growth, developments, trends and conditions in the pharmaceutical and healthcare industry and indications we are focused on;
- the future competition in our industry and indications we are focused on and the actions of our competitors;
- our future collaborations;
- the future regulatory environment in the PRC and other jurisdictions in which we may operate and our ability to comply with applicable regulations in the future;
- our future dividends and our dividend policy;
- our future capital needs, capital expenditure plans and ability to obtain funding;
- prospective financial matters regarding our business; and
- the general political and economic environment in China.

When used in this prospectus, the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "plan", "seek", "will", "would" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised.

You should carefully read and consider all of the information in this prospectus including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result you may lose part or all of your investment.

RISKS RELATING TO OUR FINANCIAL PROSPECTS

We are a pre-revenue biopharmaceutical company with a history of losses. Our financial prospects in the foreseeable future depend on the successful commercialisation of our drug candidates. If we fail to commercialise any of our drug candidates or otherwise to become or remain profitable, you may lose all or substantially all of your investment.

Since our inception in 2009, we have devoted most of our financial resources to R&D, including pre-clinical studies and clinical trials for our drug candidates. As of the Latest Practicable Date, none of our drug candidates had been approved for marketing and sale in any jurisdiction. We have not generated any revenue from the drug candidates we are developing, and we will continue to incur significant R&D and other expenses related to our ongoing operations. Our net losses for the years ended 31 December 2018 and 2019 were RMB108.5 million and RMB232.6 million, respectively.

Our financial prospects in the near future depend on our ability to generate revenue from sales of the drug candidates we are developing, in particular Proxalutamide, our only drug candidate in phase III clinical trials as of the Latest Practicable Date. Our ability to successfully commercialise Proxalutamide and any of our other drug candidates is subject to a number of risks and uncertainties, many of which are outside our control. Many of the risks discussed below could adversely affect our ability to obtain regulatory approvals for, commercialise and generate revenue from our drug candidates, including the risks described under "– Risks relating to Development, Clinical Trials and Regulatory Approvals of our Drug Candidates" and "– Risks relating to Commercialisation of our Drug Candidates". If any of these risks materialise, it could impact our ability to generate revenue and become profitable. In particular, if we fail to obtain regulatory approvals and successfully commercialise Proxalutamide in accordance with our contemplated schedule, our expected revenue generation could be significantly delayed while our R&D and other expenses will remain significant. To the extent we do not successfully commercialise Proxalutamide, we may not generate revenue from our clinical stage or pre-clinical stage candidates or candidates we may discover or acquire for an extended period of time, if at all. Even if we achieve profitability in the future, there is no assurance that we will be able to sustain profitability in subsequent periods. Our failure to generate revenue from our products and become and remain profitable may adversely affect the market price of our Shares and our ability to raise capital and continue operations. Because of the uncertainties and risks associated with drug discovery and development in the biotech industry, we face a significant risk of business failure. We can provide investors with no assurance that we will recover all or any of our capital investment in the development of our drug candidates, and investors could lose all or substantially all of their investments in our Company.

We may need to obtain substantial additional funding for our operations.

Since inception, we have funded our operations primarily through equity financing. We expect our expenses will continue to increase in connection with our ongoing R&D activities, particularly as we advance the clinical development of our clinical-stage drug candidates, continue to develop our pre-clinical drug candidates and initiate additional clinical trials of, and seek regulatory approvals for, these and other future drug candidates. In addition, if we obtain regulatory approvals for Proxalutamide and any of our other drug candidates, we expect to incur significant commercialisation expenses related to establishing manufacturing facilities and building our marketing, sales and distribution network and there can be no assurances that our commercialisation efforts will result us revenue generation to that extent we expect, or at all. We may also incur expenses to support our operations if we become a public company. Accordingly, we will likely need to obtain substantial additional funding in connection with our continuing operations through equity and debt financings or other sources.

Our future funding requirements will depend on many factors, including:

- the success of our development and commercialisation activity for Proxalutamide and our other drug candidates;
- the progress, timing, results and costs relating to the R&D and regulatory approvals of our drug candidates;
- the costs and timing of future commercialisation activities for any of our drug candidates for which we receive regulatory approvals;
- the extent to which we acquire or in-license other drug candidates and technologies; and
- our headcount growth and associated costs.

However, funding may be unavailable to us in amounts or on terms acceptable to us. Our ability to obtain additional funding is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities by pharmaceutical R&D companies, and economic, political and other conditions in China, the United States and other countries. If we are unable to obtain funding when needed, we could be forced to delay, reduce or terminate our drug development programmes or any future commercialisation efforts, which could adversely impact our ability to generate revenue and achieve profitability.

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

We had net cash used in operating activities of RMB114.9 million and RMB228.0 million for the years ended 31 December 2018 and 2019, respectively, primarily because we had incurred significant R&D and administrative costs without generating revenue from product sales. We expect that we will continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements, which will have a material adverse effect on our business, financial condition, results of operations and prospects.

Raising additional capital may cause dilution to our Shareholders and restrict our operations.

We may seek additional funding through equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be diluted, and the terms or such securities may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. Our incurrence of additional indebtedness or issuance of certain equity securities could also require us to assume significantly increased fixed payment obligations and impose additional restrictive covenants on our business, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license drug development rights and other operating restrictions that could adversely impact our ability to pursue the development and commercialisation of our existing and future drug candidates.

Intangible assets constitute a substantial portion of our total assets; if we determine our intangible assets to be impaired, it would adversely affect our results of operations.

As of 31 December 2019, RMB179.3 million, or 32.4%, of our total assets consisted of intangible assets, which primarily arose from the in-licensing of drug candidates and the acquisition of a drug candidate from Suzhou Koshine. These drug candidates have not been put into commercial production and are classified as intangible assets not ready for use. Our intangible assets not ready for use during the Track Record Period are related to four drug candidates – GT1708F, which was in-licensed in late 2016, ALK-1 (GT90001), which was in-licensed in 2018, Pyrilutamide (KX-826), which was acquired from Suzhou Koshine in 2018 and c-Myc inhibitor, which was in-licensed in 2019.

In order to determine whether the intangible assets relating to each of these drug candidates are impaired, we are required to estimate, among other things, the expected future cash flows that we will derive from them, which includes an estimation of the timing of commercialisation, market penetration rate, market size of related products and success rate of commercialisation. In the event that our estimate of our future cash flows from any of these drug candidates decreases from our estimate in prior periods, we could be required to recognise an impairment loss in our consolidated statement of profit or loss for the relevant period in an amount equal to our estimate of the reduction in value of the relevant group of assets. Please refer to Note 4 "Critical Accounting Estimates and Judgments – (c) Impairment testing of intangible assets not ready for use", and Note 16 "Intangible Assets" to the Accountant's Report included in Appendix I to this prospectus for further details of our accounting policies for intangible assets and impairment of intangible assets, the estimations and assumptions involved therein, and the components of our intangible assets during the Track Record Period.

We did not recognise impairment losses in respect of intangible assets during the Track Record Period. However, our estimates of the future cash flows from the relevant assets may be susceptible to downward revision as result of factors adversely affecting the pharmaceutical industry generally as well as factors specific to these drug candidates. Moreover, since our intangible assets as of 31 December 2019 primarily related to four drug candidates, we are particularly susceptible to impairment of intangible assets resulting from adverse changes affecting each of these drug candidates, many of which are discussed elsewhere in the "Risk Factors," including changes adversely affecting their respective clinical trials, regulatory approval and commercialisation. Such adverse changes could require us to record an impairment loss for all or a substantial portion of the intangible assets we are carrying in respect of each of these drug candidates. If we record an impairment loss as a result of these or other factors, it would adversely affect our results of operations for the relevant period.

Our investment products which are classified as financial assets measured at amortised costs are subject to credit risks, and fair value changes for our financial assets measured at fair value through profit or loss are subject to valuation uncertainty due to the use of unobservable inputs, which may cause volatility and adversely affect our financial condition and results of operations.

During the Track Record Period, we purchased structured deposits with fixed rates which were recorded as financial assets measured at amortised cost. We are exposed to credit risks associated with these investment products in the event of non-performance by the counterparties . We also purchased short-term investment products with floating rates, which were recorded as financial assets at fair value through profit or loss. For the years ended 31 December 2018 and 2019, we recorded fair value gains of financial assets at fair value through profit or loss of RMB0.9 million and nil, respectively. The fair values were based on cash flow discounted using the expected return according to our management's judgement. The estimation of our financial assets at fair value through profit or loss primarily uses unobservable inputs, such as the expected rate of return of the investment products. This requires our management to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty. As a result, such treatment of carrying amounts of our financial assets measured at fair value through profit or loss may cause volatility in or adversely affect our financial condition and results of operations.

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

We adopted the Employee Incentive Scheme for the benefit of our employees to incentivise and reward the eligible persons who have contributed to the success of our Group. For details, please refer to "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" to this prospectus. As at the Latest Practicable Date, RSUs in respect of 10,875,700 underlying Shares and 7,558,400 Restricted Shares (after taking into consideration of the adjustment pursuant to the Capitalisation Issue), representing approximately 2.94% and 2.05%, respectively, of the total issued share capital of the Company after the completion of the Capitalisation Issue and immediately following the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and additional RSUs or Restricted Shares which may be further granted under the Employee Incentive Scheme), had been granted to 54 Participants pursuant to the Employee Incentive Scheme. We expect to incur share-based expenses starting from 31 March 2020, which will be amortised during a vesting period of four years ending 31 March 2024. To further incentivise our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO DEVELOPMENT, CLINICAL TRIALS AND REGULATORY APPROVALS OF OUR DRUG CANDIDATES

Our success in the foreseeable future significantly depends on the successful completion of clinical trials, obtaining of regulatory approvals and commercialisation of our only phase-III drug candidate, Proxalutamide, in China. Unfavourable results from clinical trials, any delays or failure in obtaining regulatory approvals or unsuccessful commercialisation for Proxalutamide could delay or otherwise impair our ability to generate revenue and materially harm our prospects.

We are heavily relying on the successful completion of clinical trials, obtaining of regulatory approvals and commercialisation of our only phase-III drug candidate, Proxalutamide, in China. In anticipation of our launch of Proxalutamide, we have incurred

significant expenses in relation to establishing manufacturing facilities. We have also recruited our vice president of sales and expect to incur significant expenses related to the recruitment of a full sales and marketing team following the submission of our NDA for Proxalutamide for mCRPC in China. However, we may fail to complete phase III clinical trials, obtain regulatory approvals in accordance with the anticipated timeline or successfully commercialise Proxalutamide due to risks described below and elsewhere in this prospectus. The successful development, regulatory approvals and commercialisation of Proxalutamide is subject to numerous factors, including:

- the ability to obtain satisfactory efficacy and safety data from our ongoing phase III clinical trials;
- the ability to demonstrate to NMPA that Proxalutamide's clinical data are able to meet the standards required for NDA approval; and
- the ability to achieve market penetration for Proxalutamide as an accepted treatment option for mCRPC in China, in particular in view of Enzalutamide's recent approval in China.

If we fail to obtain favourable phase III clinical trial results, obtain regulatory approvals in accordance with our expected timeline or at all or successfully commercialise Proxalutamide, our ability to generate revenue would be delayed or otherwise impaired and our business and prospects will be materially and adversely affected.

Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to achieve successful results in our clinical trials.

Before obtaining regulatory approvals for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to the outcomes. A failure of one or more of our clinical trials can occur at any stage of testing.

We may experience numerous adverse events during clinical trials that could delay or prevent our ability to successfully complete clinical trials, including:

- regulators may not authorise us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon the relevant drug development programmes;
- patient enrolment may be insufficient or slower than we anticipate or patients may drop out at a higher rate than we anticipate;
- our third-party CROs and CMOs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including a finding of a lack of clinical response or a finding that participants are being exposed to unacceptable health risks;
- regulators or ethics committees may require that we or our investigators suspend or terminate clinical trials for various reasons, including non-compliance with regulatory requirements;

- the cost of clinical trials of our drug candidates may be greater than we anticipate and we may not be able to obtain sufficient funding to complete our clinical trials;

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

- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, which cause us or our investigators to suspend or terminate the trials.

In addition, the results of pre-clinical studies and earlier stage clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through pre-clinical studies and earlier clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, patient adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. In the case of clinical 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. There is no assurance that late-stage clinical trial results for our drug candidates will produce favourable results. Therefore, you should not rely on the outcomes of earlier stage clinical trials disclosed in this prospectus as being predictive of the outcomes our drug candidates will achieve in later stage clinical trials or that such candidates will result in successfully commercialised drugs.

Consequently, our ability to obtain the necessary clinical trial outcomes to support the regulatory approvals for each of our drug candidates, including our later stage drug candidates, remains subject to significant uncertainty.

Our drug candidates are subject to extensive regulation, and we cannot assure you any of our drug candidates will receive regulatory approvals.

Our drug candidates and the activities associated with their development and commercialisation, including their design, testing, manufacture, safety, efficacy, quality control, recordkeeping, labelling, packaging, storage, approval, advertising, promotion, sale, distribution, import and export are subject to comprehensive regulations by the NMPA, U.S. FDA and other regulatory agencies in China, the United States and comparable authorities in other jurisdictions. We are not permitted to market any of our drug candidates in the PRC, the United States and other jurisdictions unless and until we receive the respective regulatory approvals. Securing regulatory approvals requires the submission of extensive pre-clinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the drug candidate's safety and efficacy. It may also require the submission of information regarding the drug manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Our drug candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may prevent us from obtaining regulatory approvals or limit or prevent their commercial use.

The process of obtaining regulatory approvals in China, the United States and other jurisdictions is expensive, may take many years if additional clinical trials are required and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the drug candidates involved. Changes in or the enactment of additional laws, regulations

or approval policies may cause delays in the approval process or rejection of an application. The NMPA, U.S. FDA and comparable authorities in other jurisdictions have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional pre-clinical, clinical or other studies. Our drug candidates could be delayed in receiving, or fail to receive, regulatory approvals for many reasons, including:

- disagreement between us and the NMPA, U.S. FDA or comparable regulatory authorities regarding the number, design, size, conduct or implementation of our clinical trials;
- our failure to demonstrate to the satisfaction of the NMPA, U.S. FDA or comparable regulatory authorities that a drug candidate is safe and effective for its proposed indication;
- the failure of CROs, clinical study sites or investigators to comply with the GCP requirements imposed by the NMPA, U.S. FDA or comparable regulatory authorities;
- the failure of our clinical trial results to meet the level of statistical significance required by the NMPA, U.S. FDA or comparable regulatory authorities for approval;
- disagreement between us and the NMPA, U.S. FDA or comparable regulatory regarding the interpretation of data from pre-clinical studies or clinical trials;
- insufficient data collected from clinical trials to support the submission of an NDA or other submission or to obtain regulatory approvals in China, the United States or elsewhere;
- refusal by the NMPA, U.S. FDA or comparable regulatory authorities in approving the manufacturing processes for our clinical and commercial supplies; and
- changes in the approval policies or regulations of the NMPA, U.S. FDA or comparable regulatory authorities rendering our clinical data insufficient for approval.

In addition, even if we were to obtain the approval, regulatory authorities may restrict the use of our drug candidates to a narrow population. Regulatory authorities may also revoke the approval, approve any of our drug candidates for fewer or more limited indications than we request, may monitor the price we intend to charge for our drugs, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a drug candidate with a label that does not include the labelling claims necessary or desirable for the successful commercialisation of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our drug candidates.

We currently expect to obtain the interim analysis result of our phase III clinical trials of Proxalutamide's monotherapy on mCRPC in China by 2020, following which we intend to apply for NDA approval for Proxalutamide. The NDA process is complicated and expensive and could involve additional trials and studies as a condition to receiving regulatory approvals. We may be unable to successfully and efficiently execute and complete any required additional trials or studies in a way that leads to an NDA submission and approval of Proxalutamide, and we may require more time and incur greater costs than anticipated. Any such delays could impair our ability to generate revenue and materially harm our prospects.

If we encounter difficulties enroling 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 enrol a sufficient number of patients who remain in the trial until its conclusion. Our ability to obtain and maintain the necessary patient enrolment for our clinical trials will be subject to numerous factors, many of which are beyond our control, including:

- the size and nature of the relevant patient population;
- the patient eligibility criteria defined in the protocol;
- the size of the study population required for the clinical trials;
- the proximity of relevant patients to trial sites;
- the availability and capacity of the clinical trial sites;
- the design of the clinical trial;
- competing clinical trials for the same therapeutic areas that reduce the number of patients available to us;
- our ability to obtain and maintain patient consents; and
- perceptions of physicians, KOLs, PIs and patients as to the potential advantages and side effects of the drug candidate being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating in.

Even if we are ultimately able to enrol a sufficient number of patients in our clinical trials, such enrolment may be delayed, which may result in increased costs or may affect the timing or outcome of our planned clinical trials. Similarly, there is no assurance that the enroled patients will complete clinical trials, which could materially and adversely affect our ability to advance the development of our drug candidates.

If we fail to achieve the drug development milestones as disclosed in this prospectus, it could adversely affect our financial prospects and the price of our Shares.

We disclose in this prospectus our expectations or targets for the timing of certain milestones associated with our drug development programmes, including the commencement and completion of clinical trials as well as the targeted timing of regulatory approvals and commercial launch. After Listing, as a publicly listed company we may continue to make such disclosures of our expectations. However, the successful implementation of our drug development programmes is subject to significant business, economic and competitive uncertainties and contingencies, including drug development risk, the availability of funds, competition and regulations. The actual timing of our achievement of drug development milestones could vary significantly from our expectations due to a number of factors, many of which are outside our control, including delays or failures in our pre-clinical studies or clinical trials, failure to obtain accelerated NDA approval, including with respect to Proxalutamide, failure to maintain, renew or establish new relationships with our research collaborators or partners, the increasingly lengthy approval process for new drugs in the PRC, the United States

and other jurisdictions and the uncertainties inherent in that regulatory approval process. There can be no assurances that our pre-clinical studies or clinical trials will be completed as planned or at all or that we will make regulatory submissions or receive regulatory approvals as planned. Consequently, you should not place undue reliance on our expectations for the achievement of our drug development milestones. If we fail to achieve one or more of these milestones as planned, it could adversely affect our financial prospects and the price of our Shares.

If our drug candidates cause undesirable side effects in clinical trials, it can result in delays or failure to receive regulatory approvals, limitations on the commercial profile of an approved label, or otherwise materially harm our business and reputation.

Undesirable side effects caused by our drug candidates could cause us to interrupt, delay or halt clinical trials or could cause regulatory authorities to interrupt, delay or halt our clinical trials and could result in a more restrictive label or the delay or denial of regulatory approvals by the NMPA, the U.S. FDA or other regulatory authorities. In particular, as is commonly the case with therapeutic cancer drugs, it is likely that there may be side effects. However, the results of our drug candidates' ongoing clinical trials could reveal a high and unacceptable severity or prevalence of side effects as result of which the clinical trials of our drug candidates could be suspended or terminated and the NMPA, U.S. FDA or other regulatory authorities could order us to cease further development of or deny approval of our drug candidates for any or all targeted indications. The drug-related side effects could also affect patient recruitment, the ability or willingness of enrolled patients to complete the clinical trial, result in potential product liability claims or harm our reputation.

We may not be successful in developing new drug candidates through our internal R&D or licensing-in or in pursuing additional therapeutic opportunities through indication expansion.

Our efforts to develop new drug candidates, either through our proprietary R&D or in-licensing, or to pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. We intend to devote substantial resources to further the development of potential first-in-class and best-in-class drugs and to expand the indication of our existing drug candidates, including the expansion of Proxalutamide, to first-line therapies for prostate cancer and breast cancer. Our R&D efforts may initially show promise in identifying drug candidates and/or potential new indications, yet fail to yield successful results for a number of reasons, including:

- the research methodology used may not be successful in identifying drug candidates and/or potential indications;
- potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to be able to receive regulatory approvals;
- it may take greater human and financial resources to develop suitable potential drug candidates or to identify additional therapeutic opportunities for our drug candidates through internal R&D than we possess, thereby limiting our ability to diversify and expand our portfolio of drug candidates; and
- we may face increased challenges in implementing our strategies to develop biologics drug candidates due to our limited historical experience in this field.

In addition, we may not be successful in developing additional drug candidates through licensing-in for a variety of reasons, including inability to identify appropriate drug candidates or reach agreement with the relevant counterparties or failure to successfully advance the development of the drug candidate as contemplated.

There can be no assurance that we will be able to develop suitable potential drug candidates, either through our internal R&D or in-licensing, or to identify additional therapeutic opportunities for our drug candidates, which could materially adversely affect our future growth and prospects.

Favourable designations may be revoked, may not lead to faster development, review or approval process, and do not increase the likelihood that our drug candidates will receive regulatory approvals.

The NMPA categorises domestically-manufactured innovative drug applications as Category 1, provided such drug has a new and clearly defined structure, pharmacological property and apparent clinical value and has not been marketed anywhere in the world. Our drug candidates which have received clinical trial approvals were classified as Category 1 drugs by the NMPA. A Category 1 designation by the NMPA may not lead to faster development or regulatory review or approval process. Moreover, a Category 1 designation also does not increase the likelihood that our drug candidates will ultimately receive regulatory approvals. We cannot assure you that we will be able to maintain these designations, which could adversely affect our drug candidates' development process.

We may not be successful in developing combination therapies.

We seek to use combination therapies to further explore the potential of our drug candidates. We have obtained clinical trial approval in China for Proxalutamide in combination therapy with Abiraterone and PARP inhibitor, respectively. We may be unable to identify appropriate drug candidates either within our own pipeline of drug candidates or developed by other pharmaceutical companies for combination therapies. We may also be unable to achieve the desired efficacy or safety or achieve the endpoints for our clinical trials for combination therapies. In addition, we may be unable to identify appropriate collaboration partners or negotiate satisfactory commercial arrangements for our contemplated combination therapies, including with respect to the sharing of fees and revenues, on a timely basis or at all. If we fail to successfully develop combination therapies, the potential of our drug candidates will be limited.

Changes in drug approval process in China may subject us to additional uncertainties in receiving regulatory approvals for our drug candidates on a timely basis and increase the costs we may incur in receiving such regulatory approvals.

There have been recent regulatory initiatives in China that declared the Chinese government's intention to encourage the transformation and upgrade of the pharmaceutical industry and to accelerate the approval process for clinical trials. However, the regulatory process in China is evolving and subject to change. Any future policies, or changes to current polices, that the NMPA approves might require us to change our planned clinical study design or otherwise spend additional resources and effort to obtain approvals of our drug candidates.

In addition, policy changes may contain significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements.

If we are unable to obtain regulatory approvals for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of our drug candidates or any other drug candidate that we may develop in the future.

RISKS RELATING TO COMMERCIALISATION OF OUR DRUG CANDIDATES

There is no assurance that we will be able to successfully commercialise our only phase-III clinical-stage drug candidate, Proxalutamide.

Our success and ability to generate revenue in the near term depends on the successful commercialisation of Proxalutamide. Even if Proxalutamide receives regulatory approvals for marketing in China, we will still face significant commercialisation risks, including the risks described below and elsewhere in "– Risks Relating to Commercialisation of Our Drug Candidates".

Our ability to successfully commercialise Proxalutamide for prostate cancer in China following receipt of regulatory approval is subject to numerous risks and uncertainties relating to, including:

- our ability to develop an effective China-focused sales team or distribution network to support the anticipated launch of Proxalutamide;
- our ability to price Proxalutamide at an appropriate level;
- our ability to obtain adequate coverage and reimbursement for Proxalutamide under reimbursement programmes by third-party payers and government authorities;
- our ability to achieve market penetration in light of competition from existing and potential new drugs or therapies for the treatment of prostate cancer in China, including Enzalutamide, a second generation AR antagonist approved by the NMPA for commercialisation in November 2019 for the treatment of mCRPC; and
- our ability to establish in-house manufacturing capabilities or make arrangements with third-party contract manufacturers to produce sufficient quantities of supplies of Proxalutamide.

If we are unable to achieve these requirements in a timely manner or at all, it could impair our ability to successfully commercialise Proxalutamide in China, which would could delay our expected revenue generation and materially harm our prospects.

Our drug candidates 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.

If we receive regulatory approvals for our drug candidates, they may nonetheless fail to gain sufficient market acceptance by physicians, patients and others in the medical community. Physicians and patients may prefer alternative therapies to ours. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of our drug candidates and we may not become profitable. The degree of market acceptance of our drug candidates, even if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our drug candidates are approved;

- the views of physicians, hospitals and patients on the safety and efficacy of our drug candidates;
- the potential and perceived advantages of our drug candidates over alternative therapies;
- the prevalence and severity of any side effects;
- the timing of market introduction of our drug candidates as well as competitive therapies;
- the affordability of our drug candidates and the cost of treatment in relation to alternative therapies;
- the availability of adequate coverage and reimbursement under the National Reimbursement Drug List or reimbursement programmes 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;
- relative convenience and ease of administration, including as compared to alternative therapies and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

In particular, in November 2019, Enzalutamide, a competitive product of our phase III drug candidate Proxalutamide obtained NDA approval in China. If Enzalutamide receives market acceptance by physicians, patients, third-party payers and others in the medical community before Proxalutamide is successfully commercialised, it will increase the difficulty for Proxalutamide to achieve market penetration. In addition, Enzalutamide is backed by a global pharmaceutical company with far greater financial resources than we have, which may further impair our ability to achieve clinical acceptance and market penetration for Proxalutamide.

If our drug candidates are approved but fail to achieve market acceptance among physicians, patients, hospitals or others in the medical community, we will not be able to generate significant revenue. Even if our drugs achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favourably received than our drugs, are more cost effective or render our drugs obsolete.

We face substantial competition, which may result in others discovering, developing or commercialising competing drugs before or more successfully than we do.

The development and commercialisation of new drugs is highly competitive. We face competition with respect to our current drug candidates, and will likely face competition with respect to any drug candidates that we may seek to develop or commercialise in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of indications for which we are developing our drug candidates. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our

approach, and others are based on entirely different approaches. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialise drugs that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any drugs that we may develop. Our competitors also may obtain approvals from the NMPA, U.S. FDA or comparable regulatory authorities for their drugs more rapidly than we may obtain approvals for ours, which could result in our competitors establishing a strong market position before we are able to enter the market and may make it more difficult for us to gain market acceptance and adversely affect our ability to generate revenues. In particular, in November 2019, Enzalutamide, a competitive product of our phase III drug candidate Proxalutamide obtained NDA approval in China. If Enzalutamide receives market acceptance by physicians, patients, third-party payers and others in the medical community before Proxalutamide is successfully commercialised, it will increase the difficulty for Proxalutamide to achieve market penetration. In addition, Enzalutamide is backed by a global pharmaceutical company with far greater financial resources than we have, which may further impair our ability to achieve clinical acceptance and market penetration for Proxalutamide.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in R&D, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions 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 enrolment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programmes.

The patient pool for our drug candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

We expect to initially seek approval of Proxalutamide as a later stage monotherapy for patients who have failed certain other approved treatments. Subsequently, we target to seek to expand Proxalutamide's indication to first-line monotherapies. We are also undergoing phase III clinical trials for Proxalutamide's combination therapy with Abiraterone for mCRPC in China, and are targeting to obtain approval for the combination therapy as a first-line therapy. There is no guarantee that Proxalutamide's combination therapy or monotherapy, even if approved, would be approved as a first-line therapy. In addition, we may have to conduct additional clinical trials prior to gaining approval for first-line therapy.

The projections of both the number of people who have the cancers we are targeting, as well as the subset of people with these cancers in a position to receive later stage therapy and who have the potential to benefit from treatment with our drug candidates, are based on certain assumptions and estimates. These estimates have been derived from a variety of sources and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our drug candidates may be limited or may not be amenable to treatment with our drug candidates. Even if we obtain significant market share for our drug candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approvals for additional indications.

We may not be able to effectively build and manage our sales network and implement our marketing strategies.

Even if we are able to obtain regulatory approvals for Proxalutamide, we will need to build and manage an effective sales network to achieve successful commercialisation. In anticipation of the commercialisation of Proxalutamide, we have recruited our vice president of sales and expect to bring on board a full sales and marketing team consisting of over 100 personnel after we submit our NDA. Our employee base currently primarily consists of technical personnel engaged in R&D and related activities. The addition of a new sales team may expose us to potential risks, including risks associated with rapid headcount growth, our inability to generate sufficient revenues to offset the costs and expenses related to the new hires and potential loss of, or harm to, relationships with our new and existing employees as a result of integration with our current operations, any of which could significantly disrupt our ability to manage our business.

We plan to adopt tailor-made strategies with respect to the sales and marketing of each of our drug candidates based on a number of factors. We cannot assure you that our pre-launch efforts will result in immediate market success. Market conditions for our drug candidates may be different from those we anticipated, which may require us to adjust our sales and marketing strategies, recruit additional personnel or incur unforeseen costs and expenses to address those circumstances.

If we encounter problems in our manufacturing process, our business could be adversely affected.

As of the Latest Practicable Date, we did not have operational in-house manufacturing facilities. We acquired a parcel of land for industrial use in Suzhou, on which we plan to build our own manufacturing facilities for the manufacture of Proxalutamide for its commercial sale, as well as other drug candidates for their clinical use or future commercial sale. We commenced construction of our manufacturing facilities in Suzhou in October 2018, and we expect our Suzhou manufacturing facilities will be ready for GMP manufacturing in the third quarter of 2020. We cannot assure you that there will not be delays in the construction of our manufacturing facilities or obtaining regulatory approvals for its operation. If there is delay in obtaining regulatory approvals or if we are unable to obtain regulatory approvals for Proxalutamide at all, we will not be able to commence our manufacturing as planned.

Even if we are able to commence manufacturing operations, the manufacture of pharmaceutical products is a highly exacting and complex process, and we will be required to maintain compliance with GMP certification requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with APIs and other raw materials, limits to manufacturing capacity, changes in the types of products produced, man-made or natural disasters and environmental factors. If problems arise during the production of a batch of products, that batch of products may have to be discarded and we may experience product shortages or incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches of products. If problems are not discovered before the products are released to the market, recall and product liability costs may also be incurred.

Even if we are able to commercialise any drug candidates, the drugs may become subject to unfavourable pricing regulations, third party reimbursement practices or healthcare reform initiatives, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new drugs vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or licensing approval is granted. In China, for example, the government regulates prices of pharmaceutical products mainly through establishing a centralised procurement mechanism. We might obtain regulatory approval for a drug candidate in a particular country but subject to price regulations that negatively impact the revenues we are able to generate from the sale of the drug candidate in that country and hinder our ability to recoup our investment in such drug.

Our ability to commercialise any 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 organisations. Government authorities and third-party payers, such as private health insurers and health maintenance organisations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. 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 assure you that reimbursement will be available for any drug candidates that we commercialise and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any drug candidates for which we obtain regulatory approvals. Obtaining reimbursement for our drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialise any drug candidate that we successfully develop.

Under the national medical insurance programme in China, patients purchasing pharmaceutical products that are listed on the National Reimbursement Drug List (《國家基本醫療保險、工傷保險和新生兒保險藥品目錄》), the Provincial Reimbursement Drug List (《江蘇省基本醫療保險、工傷保險和豐富保險藥品目錄庫》) or the National Essential Drug List (《國家基本藥物目錄》) are entitled to reimbursement of all or a portion of their purchase costs from the social medical fund. Consequently, the inclusion or exclusion of a pharmaceutical product in the National Reimbursement Drug List, the Provincial Reimbursement Drug List or the National Essential Drug List will significantly affect the demand for such product in China. We plan to seek the listing of our drugs (including Proxalutamide) that are approved for marketing in China on the National Reimbursement Drug List. In the United States, third-party payers often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for drug candidates that we develop could have a material adverse effect on the demand for our drug candidates.

We may be subject to product liability claims.

We face an inherent risk of product liability exposure related to the use of our drug candidates that we may commercialise in the future. If we cannot successfully defend ourselves against product liability claims, we may be subject to civil liability for physical injury, death

or other losses caused by our products and to criminal liability and the revocation of our business licences if our products are found to be defective. Regardless of the merits or eventual outcome, product liability claims may also lead to the following adverse consequences, including:

- regulatory authorities may suspend or withdraw approvals of the drug;
- regulatory authorities may require additional warnings on the label;
- we may be required to develop a risk evaluation and mitigation measures for the drug or, if a risk evaluation and mitigation measures is already in place, to incorporate additional requirements under the risk evaluation and mitigation measures, or to develop a similar strategy as required by the relevant regulatory authority;
- we may be required to conduct post-market studies;
- there may be significant negative media attention and reputational damage;
- we may incur significant costs to defend related litigations;
- we may be required to conduct product recalls;
- our management's time and our resources may be diverted;
- we may incur a loss of revenue; and
- our Share price may decline.

We currently only carry clinical trial insurance. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could adversely affect our business. Any claim that may be brought against us could result in a court judgement or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

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

If our drug candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information in China, the United States and any other jurisdictions where they receive NDA approvals. The NMPA, U.S. FDA or a comparable regulatory authority may withdraw approval if compliance with regulatory requirements and standards is not maintained.

Moreover, previously unknown problems with our drug candidates or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may ensue following our receipt of regulatory approval and may result in revisions to the

approved labelling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a risk evaluation and mitigation programme. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our drug candidates, withdrawal of the drug candidate from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the NMPA, U.S. FDA or a comparable regulatory authority to approve pending applications or supplements to approved applications filed by us or suspension or revocation of licence approvals;
- product seizure or detention, or refusal to permit the import or export of our drug candidates; and
- injunctions or the imposition of civil or criminal penalties.

Consequently, we will remain exposed to a variety of regulatory risks and related liabilities even if we are able to obtain regulatory approvals for our products.

Our allocation of resources to existing drug candidates may result in us foregoing or delaying opportunities to pursue other drug candidates or indications that later prove to have greater commercial potential.

Because we have limited financial and managerial resources, we focus on a limited number of drug development programmes and drug candidates for specific indications. As a result, we may forego or delay pursuit of opportunities for other drug candidates or other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalise on viable commercial drug candidates or profitable market opportunities. We may focus our efforts and resources on potential drug candidates or other research programmes that ultimately prove to be unsuccessful.

Our pipeline of drug candidates contains both small molecule and biologics drug candidates, we may incur additional costs in connection with the manufacturing and sales and marketing of our products.

As of the Latest Practicable Date, our clinical-stage drug candidates were composed of two small molecule drug candidates, one monoclonal antibody drug candidate, one mTOR inhibitor drug candidate and one Hedgehog/SMO inhibitor, which we were developing for the treatment of a wide range of diseases, including prostate cancer, breast cancer, androgenetic alopecia, metastatic liver cancer and a variety of other solid tumours. We may not be able to leverage the manufacturing or sales and marketing infrastructure we have established for one or several drug candidates in the commercialisation of our other drug candidates, which will subject us to additional associated costs.

Facilities, machinery, or equipment to be used for the manufacturing of our small molecule drug candidates may not always be suitable for the manufacturing process for biologics drugs, which could cause us to incur additional costs for setting up production lines specific to the production of biologics and obtaining GMP certificates for such new production lines, if our biologics drug candidate is approved for commercialisation. Construction and

validation of new production lines can be expensive and time consuming. There is no assurance that we can manage the costs for the new production lines or successfully obtain the requisite GMP certificate in a timely manner or at all.

In addition, the market environment and competitive landscape for different therapeutic areas are distinct, which may require a designated sales team to carry out our marketing and promotion activities specifically designed for the commercialisation of one particular drug candidate. There is no assurance that we will be able to attract and retain qualified sales personnel with the relevant background and experience on acceptable terms. We will also incur additional costs for the recruitment and training of our additional sales team in connection with a particular drug candidate. If we fail to build our new production lines and sales team for our various drug candidates, including biologics drug candidate, with reasonable costs and in a timely manner, the commercialisation of our drug candidates would be delayed and our future revenue from sales of the relevant drug candidates, if they receive regulatory approval, will be negatively affected.

ADDITIONAL RISKS RELATING TO THE REGULATORY APPROVALS AND COMMERCIALISATION OF OUR DRUG CANDIDATES OUTSIDE OF CHINA

We will face additional challenges and expenses in obtaining regulatory approvals of our drug candidates from the U.S. FDA or comparable foreign regulatory authorities elsewhere, which could prevent or delay our ability to market our drug candidates outside of China.

We are concurrently conducting clinical trials for Proxalutamide in China and the United States. Under the Pfizer Licence Agreement we are obligated to use commercially reasonable efforts to develop and commercialise ALK-1 in China (as defined in the Pfizer Licence Agreement), the United States and one other major market (as defined in the Pfizer Licence Agreement). We are also conducting clinical trials for our ALK-1 in Taiwan and may in the future conduct MRCT clinical trials for ALK-1 globally. Even if we obtain NMPA approval to market Proxalutamide or other drug candidates in China, we must file an NDA with the U.S. FDA or with the comparable foreign regulatory authority elsewhere to obtain the requisite approvals before locally marketing the drug candidate. Obtaining regulatory approval in one country does not mean that regulatory approvals will be obtained in any other country. Approval processes vary among countries and can involve additional clinical trials and validation and additional administrative review periods. Conducting clinical trials outside of China could prove particularly challenging and expensive and could lead to significant delay. Any safety issues, product recalls or other incidents related to products approved and marketed in the United States and other jurisdictions may impact approvals of those products by the U.S. FDA or other comparable foreign regulatory authorities.

We may require third party collaborations to successfully commercialise Proxalutamide and other drug candidates we may develop for markets outside the PRC.

Commercialising any drugs for which we receive approval outside of China may require us to collaborate with international pharmaceutical companies or other parties, particularly to establish a local sales and distribution network. Our collaboration arrangements could take a number of forms and could involve many different partners, service providers and geographies. We may be unable to identify appropriate collaboration partners or negotiate satisfactory commercial arrangements, including with respect to cost sharing, licensing, royalty or other fees and geographic scope, on a timely basis or at all. In particular, if we receive NDA approval for Proxalutamide in the United States, we plan to seek strategic cooperation with global leading pharmaceutical companies and local distribution partners in connection with the sales

and marketing of Proxalutamide and these can be no assurance that we will be able to do so under satisfaction commercial arrangements, on a timely basis or at all. If we fail to enter into the necessary collaboration arrangements, it may adversely affect the commercial potential of any drugs for which are receive approval in markets outside the PRC.

Pursuing regulatory approvals and commercialisation outside of China will expose us to additional risks which may adversely impact our financial results or distract us from our China operations.

Our operations are based in China and pursuing regulatory approvals and commercialisation outside China will expose us to additional risks including:

- the possible need to expand our operations outside of China and hire additional qualified employees who may be located outside of China;
- potential management distraction from our China operations;
- potential longer time required for obtaining regulatory approvals outside of China;
- fluctuations in economic conditions, including inflation, or political instability in foreign economies and markets;
- possible tariffs and trade restrictions;
- foreign taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incidental to doing business in another country; and
- difficulty in importing and exporting clinical trial materials and study samples.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

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

Our success depends in large part on our ability to protect our compounds, proprietary technology and drug candidates from competition by obtaining patent rights. We seek to protect the compounds, technology and drug candidates that we consider commercially important by filing patent applications in China, the United States and other jurisdictions. As of 31 December 2019, we had been granted eight patents in the PRC and 33 patents in other jurisdictions, six pending patent applications in the PRC and 15 pending patent applications overseas. Please refer to "Business – Intellectual Property Rights" for further details of our patent portfolio. If we do not hold or are unable to obtain patent protection with respect to our drug candidates and technologies, third parties could develop and commercialise products and technologies similar or identical to ours and compete directly against us. Our ability to successfully commercialise any drug candidate may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed.

Although we hold certain patents with respect to our drug candidates, 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, or 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 commercialise our compounds, technology or drug candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialise drug candidates without infringing, misappropriating or otherwise violating third-party patent rights. Additionally, 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 commercialising 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 favourable to us. Consequently, we do not know whether any of our compounds, technology or drug candidates will be protectable or remain protected by valid and enforceable patents.

Sincerely, although we have filed various patent applications with respect to our product candidates and may seek patent protection for product candidates in the future, the patent prosecution process is expensive, time-consuming and complex, and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application, lack of novelty or inventiveness of the underlying invention or technology, or failure to comply with the confidentiality examination requirement. In China, the CNIPA may require us to amend our patent applications after substantive examinations, including reducing the patentable coverage, and if we fail to respond within a specified period, our applications will be deemed to be withdrawn. Furthermore, the CNIPA may still reject the patent applications after our amendment.

It is also possible that we may fail to develop patentable technologies or products or identify patentable aspects of our R&D 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 R&D output, such as our employees, collaborators and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardising our ability to obtain patent protection of such output. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions. Furthermore, China and, recently, the United States have adopted the "first-to-file" system under which whoever first files a patent application on an invention will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented.

Moreover, notwithstanding our patent protection we may hold or obtain in the future, 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.

Therefore, there can be no assurance that the patent protection we hold, are seeking or may seek in the future will be adequate protection for our current or future drug candidates.

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 commercialising our drug candidates.

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

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. Defence of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favour on questions of infringement, validity, enforceability, or priority and it could materially and adversely affect our ability to develop and commercialise 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.

If third parties bring successful claims against us for infringement, misappropriation, or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercialising one or more of our drug candidates. Defence 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, which we may not be able to be indemnified by our licensing partners. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialisation 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 commercialise 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 significantly harm our business.

Even if litigation or other proceedings are resolved in our favour, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for R&D activities or any future sales, marketing or distribution activities.

Our patent rights do not necessarily protect all aspects of our intellectual property; if we are unable to maintain the confidentiality of our trade secrets, our business and future prospectus will be harmed.

In addition to the protection afforded by registered patents, we rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to protect our R&D results. However, trade secrets and know-how can be difficult to protect. We also seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with parties that have access to them, such as our employees, collaborators, scientific advisors, consultants and other third parties. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. We may not be able to prevent the unauthorised disclosure or use of our technical know-how or other trade secrets by the parties to these agreements, however, despite the existence generally of confidentiality agreements and other contractual restrictions. If any of our employees, collaborators, and other third parties who are parties to these agreements breaches or violates the terms of any of these agreements or otherwise discloses our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets, including through intellectual property litigation or other proceedings, is difficult, expensive and time consuming, and the outcome is unpredictable. In addition, courts in China and other jurisdictions inside and outside the United States may be less prepared, less willing or unwilling to protect trade secrets. Our trade secrets could otherwise become known or be independently discovered by our competitors or other third parties. For example, competitors could attempt to replicate some or all of the advantages we derive from our development efforts, wilfully infringe, misappropriate or otherwise violate our intellectual property rights, design around our intellectual property protecting such compound or develop their own compound that fall outside of our intellectual property rights. If any of our trade secrets were to be disclosed or independently developed by a competitor, we may have no right to prevent them, or others to whom they communicate it, from using that technology or information to compete against us, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not have the right to control the preparation, filing, prosecution, maintenance, extension, enforcement, and defence of patents and patent applications covering the drug candidates that we license from third parties, which could have a material adverse effect on us.

We may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defence of patents and patent applications covering the drug candidates that we license from third parties. In particular, under the Pfizer Licence Agreement, certain of our

rights and obligations are subject to the terms of a separate licence agreement between Pfizer and a third party pursuant to which the third party retains control over patent prosecution and maintenance and patent term extension, as well as rights of enforcement and recoveries in third party infringement actions relating to the intellectual property licensed to us by Pfizer under the Pfizer Licence Agreement. In addition, pursuant to the Pfizer Licence Agreement, we are obligated to reimburse Pfizer for certain costs and expenses for which it is responsible under its third-party licence agreement in connection with patent prosecution and extension activities in relation to the ALK-1 Product or to reimburse the third party or its counsel directly for such costs.

Therefore, we cannot be certain that our patent applications will be prepared, filed, prosecuted, maintained, extended, enforced and defended in a manner consistent with the best interests of our business. If our licensors or, in the context of the Pfizer Licence Agreement, the third party fail to prosecute, maintain, extend, enforce and defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialise any of our drug candidates that are subject of such licensed rights could be adversely affected. There is also uncertainty with respect to the costs we are obligated to reimburse Pfizer or the third party in connection with patent prosecution and extension activities in relation to the ALK-1 Product. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may not be able to protect our intellectual property in the PRC.

The validity, enforceability and scope of protection available under the relevant intellectual property laws in the PRC are uncertain and still evolving. Accordingly, intellectual property and confidentiality legal regimes in the PRC may not afford protection to the same extent as in the United States or other jurisdictions. Policing unauthorised use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. The experience and capabilities of PRC courts in handling intellectual property litigation varies, and outcomes are unpredictable. Further, such litigation may require significant expenses and may divert management's attention from our operations, which could harm our business, financial condition and results of operations. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, prospects and reputation.

We may not be able to protect our intellectual property and proprietary rights throughout the world.

Filing, prosecuting, maintaining and defending patents on drug candidates in a large number of jurisdictions would be prohibitively expensive, and the laws of other jurisdictions may not protect our rights to the same extent as the laws of China or the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the PRC or the United States or from selling or importing products made using our inventions in and into the PRC, the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own competing products and, further, may export otherwise infringing products to territories where we have patent protection or licenses to intellectual property but where enforcement is not as strong as in China or the United States. These drugs may compete with our drug candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from 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 and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or licence.

Furthermore, 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 are forced to grant a licence to third parties with respect to any patents related to our business, our business, financial condition, results of operations and prospects may be adversely affected.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We have in-licensed ALK-1, GT1708F and c-Myc, and may continue to seek strategic partnerships or enter into additional licensing arrangements in the future, which is subject to risks.

We obtained an exclusive global licence from Pfizer to develop and commercialise ALK-1. Pursuant to our licence agreement with Pfizer, we are required to make certain development milestone payments to Pfizer before generating any sales from the drug. We entered into a technology transfer agreement with Suzhou Yunxuan Pharmaceutical Co., Ltd. for the development and commercialisation of GT1708F. We also entered into a technology transfer agreement with Peking University for the development and commercialisation of c-Myc inhibitor. Please refer to the section headed "Business – Our Licensing Arrangements" in this prospectus for further details. There is no assurance that we will be able to successfully commercialise the in-licensed drug candidates or that the revenue to be generated from the sales of the drug candidates, if any, will be sufficient to cover our development costs and payments. Going forward, we intend to explore potential strategic partnerships with global pharmaceutical companies through licensing-in opportunities. 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 operations and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex.

Collaborations involving our drug candidates may be subject to numerous risks, including: that collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration and may fail to devote the necessary efforts and resources; that collaborators could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drugs or drug candidates; that collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardise or invalidate our intellectual property or proprietary information or expose us to potential liability; that disputes may arise between us and a collaborator that cause

the delay or termination of the R&D or commercialisation of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources; that collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialisation of the applicable drug candidates; and that collaborators may own or co-own intellectual property covering our drugs that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialise such intellectual property. As a result, if we enter into collaboration agreements and strategic partnerships or license our drugs, we may not be able to realise the benefit of such transactions if we are unable to successfully integrate them with our existing R&D and operations, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or licensing, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development programme or one or more of our other development programmes, delay its potential commercialisation or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake R&D or commercialisation activities at our own expense. If we elect to fund and undertake development or commercialisation 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.

Our rights to develop and commercialise certain of our drug candidates are subject, in part, to the terms and conditions of licences granted to us by others; failure to comply with our obligations under our licensing arrangements may subject us to claims, penalties or termination of licensing arrangements, which could have a material adverse effect on us.

We are a party to several licensing arrangements and may in the future obtain additional licences from others to expand our existing pipeline of drug candidates. Our existing licence agreements impose, and we expect that our future licence agreements will impose, various development, diligence, commercialisation, notification and other obligations on us. Please refer to "Business – Our Licensing Arrangements" for details of the terms of our licensing arrangements.

In particular, pursuant to the Pfizer Licence Agreement, we are subject to various obligations and are required to provide Pfizer with various reports and plans relating to our development and commercialisation of ALK-1. There can be no assurance that we have strictly complied or will in the future comply with all such obligations in a timely manner. Moreover, the Pfizer Licence Agreement obligates us to use commercially reasonable efforts to develop and commercialise ALK-1 in China (as defined in the Pfizer Licence Agreement), the United States and one other major market (as defined in the Pfizer Licence Agreement), and failure to use such commercially reasonable efforts is considered a material breach under the Pfizer Licence Agreement and entitles Pfizer to terminate the agreement. Notwithstanding our efforts in executing our development plans and complying with the terms and conditions under our licensing arrangements, including our obligations to use commercially reasonable efforts to develop and commercialise ALK-1 under the Pfizer Licence Agreement, our licensors might claim that we have materially breached our licence agreements and seek to terminate the relevant licence agreements, thereby removing our ability to develop and commercialise drug candidates covered by these licence agreements. In addition, the agreements under which we license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of

any contract interpretation disagreement that may arise could increase what we believe to be our financial or other obligations under the relevant agreement. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We rely on third-party CROs to conduct, supervise, and monitor our clinical trials, and if they perform in an unsatisfactory manner, it may harm our business.

In line with industry practice, we conduct clinical trials primarily by engaging NMPA-certified clinical centres and CROs who meet our requirements. While we have agreements governing their activities and our designated team works closely with and supervises their activities, we ultimately may have limited control over many aspects of the activities they undertake with respect to our drug development programmes. We remain responsible for ensuring that our clinical trials are conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on CROs does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with GCP requirements for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. The NMPA enforces these GCPs through periodic inspections of trial sponsors, PIs, and clinical trial sites. If we or our CROs fail to comply with the applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA may require us to perform additional clinical trials before approving any marketing applications. Upon inspection, the NMPA or comparable government regulators may determine that our clinical trials did not comply with GCPs, whether or not the shortcomings are due to us or our CROs. In addition, if we or our CROs fail to recruit a sufficient number of patients, our clinical trials may be delayed or we may be required to repeat such clinical trials, which would increase our R&D costs and delay the regulatory approvals and commercialisation process. Our CROs are not our employees, and we are not able to control whether or not they devote sufficient time and resources to our clinical trials. These CROs may also have relationships with other parties, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities which could harm our competitive position. In addition, our CROs could terminate their relationship with us. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols or regulatory requirements, or for any other reasons, our clinical trials may be extended, delayed or terminated, we may not be able to obtain regulatory approvals for, or successfully commercialise our drug candidates. We may also be required to withdraw from clinical trials due to changing standards of care or the failure of our PIs to comply with clinical protocols. As a result, our ability to generate revenues could be delayed, our costs could increase and our business and future prospects could be materially harmed.

We currently rely on CMOs to manufacture our drug candidate supplies for clinical use. Our business could be harmed if our CMOs fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently use CMOs for all of our manufacturing needs in connection with our drug candidate supplies for clinical use. If our manufacturing facilities currently under construction are not completed in time for the expected commercialisation of Proxalutamide, we plan to continue to engage CMOs for our commercial manufacturing needs. We have limited control over our CMOs' production process, and the risks of drug candidates or approved drugs not being produced in the necessary volumes or at the appropriate quality levels are higher than if we manufacture in-house. CMOs may fail to maintain the necessary licences, permits and

certificates to carry out the manufacture of our drug candidates or approved drugs, breach their obligations to produce our drug candidates or approved drugs on a timely basis, otherwise cease to conduct contract manufacturing business or fail to abide by our quality control requirements. Quality issues related to drug candidates or drugs our CMOs produce for third parties may also be imputed to the products they manufacture for us and adversely affect our reputation. We are also exposed to the risks of increased pricing for our contract manufacturing and that we may be unable to appoint CMOs at commercial acceptable prices. If the CMOs we appoint do not produce pharmaceutical products meeting our specifications in sufficient volumes at commercially acceptable prices, or we are unable to appoint CMOs to do so, we may have insufficient quantities of our drug candidates to meet demand for our clinical trials and we may be delayed in obtaining regulatory approvals and commercialising the relevant drug candidates. If we rely on CMOs with respect to the commercial production of approved drugs, insufficient quantities would adversely affect our ability to generate revenue and achieve market penetration.

We rely on a limited number of suppliers for our APIs and raw materials; if any of such suppliers fails to continue to supply us at commercially acceptable prices, our business could be adversely affected.

We rely on a limited number of suppliers for the APIs and raw materials necessary for our clinical use. We cannot assure you that our suppliers will continue to sell the relevant APIs or raw materials to us on commercially acceptable terms, or at all. We also cannot assure you that we will be able to establish new supplier relationships, or renew our agreements with our existing suppliers when they expire.

We are exposed to the risk of inadequate supplies of APIs and other raw materials, as well as price increases. In particular, we currently source our APIs for Proxalutamide's clinical use from a single supplier. The availability and prices of APIs and raw materials may be impacted by factors such as general market conditions, including increased demand for such materials and ingredients from alternative uses, weather conditions and the occurrence of natural disasters, many of which are outside of our control. In the event that any of our suppliers fails to continue to supply us with adequate quantities of APIs or other raw materials at commercially reasonable prices, we may not be able to procure APIs or raw materials from other sources on similar commercial terms. Proxalutamide requires APIs that are only manufactured by a limited number of qualified suppliers in China and there may be intense competition among pharmaceutical companies to procure such APIs from these suppliers.

We may be restricted from transferring our scientific data abroad.

On 17 March 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, if and to the extent our R&D of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, 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 may materially and adversely affect our business, results of operations, financial conditions 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 fines and other administrative penalties imposed by those government authorities.

OTHER RISKS RELATING TO OUR OPERATIONS

We may be unable to attract and retain our key executive, senior management and technical employees.

We are highly dependent on the expertise of Dr. Tong, our executive Director, Chairman and Chief Executive Officer, who is supported by nine other returnee scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in the United States and who together provide us with combined expertise covering small molecule, biologics, compound design and commercialisation. Please refer to the section headed "Directors and Senior Management" in this prospectus for further details of the expertise and experience of our key management. We do not maintain key-man insurance for Dr. Tong or any of our other key executives or senior management.

Our success also depends on our continued ability to attract, retain and motivate highly qualified employees, in particular technical employees. The loss of services of one or more of our key executives, senior management or technical personnel could delay or prevent the successful development and commercialisation of our existing and future drug candidates and materially harm our ability to successfully implement our business strategies. Although we have not historically experienced unique difficulties in attracting and retaining key executives, senior management and qualified employees, we could experience such problems in the future. Furthermore, replacing key executives, senior management or technical employees may be difficult and may take an extended period of time because competition to hire from a limited number of qualified individuals with the breadth and depth of skills and experience required is intense. We may experience competition from other pharmaceutical and biotech companies for the hiring of management and other qualified personnel. We may also experience competition for the hiring of scientific personnel from universities and research institutions. Moreover, there is no assurance that we will be able to retain or motivate these key personnel on acceptable terms due to a number of reasons, including the competitiveness of our compensation.

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

As we seek to expand our portfolio of drug candidates and to commercialise our drug candidates, we will need to expand our R&D, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. This will require us to attract additional personnel and build new aspects of our business. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant added responsibilities on our management. Our future financial performance and our ability to commercialise our drug candidates and to compete effectively will depend, in part, on our ability to expand our operations and manage any future growth effectively. We will need to be able to manage our R&D efforts and clinical trials effectively and hire, train and integrate additional management, administrative, manufacturing and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labour disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigations and legal proceedings that may materially affect our research and development of our drug candidates, business and results of operations. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

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

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, fire or drought, power, water or fuel shortages, epidemics such as the Severe Acute Respiratory Syndrome (SARS), the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), Ebola, Zika, Middle East Respiratory Syndrome (MERS), or, most recently, COVID-19, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. The outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could require us to quarantine our employees, disinfect our facilities and materially disrupt our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business operations and destroy our markets. Any of these factors and other factors beyond our control could have a material adverse effect on the overall business sentiment and environment. We may be particular susceptible to the risk of natural disasters, health epidemics, acts of war and terrorism because we conduct substantially all of our operations in Suzhou and if any of such events were to impact Suzhou, it will cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial conditions and results of operations.

The COVID-19 pandemic could adversely impact our business and our ability to successfully complete our clinical trials in accordance with their anticipated timelines.

In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019 (COVID-19), was reported in Wuhan, China. The spread of COVID-19 subsequently evolved into a global pandemic and continues to affect China, where we manage our business and are conducting pre-clinical and clinical trials, as well as the United States and Taiwan, where we are also conducting multi-centre clinical trials. The COVID-19 pandemic is with limited precedent, and it is therefore not possible to predict the impact that it will have on our business or our industry. Our business, including our existing and future clinical and pre-clinical trials, as well as our ability to continue to manage it effectively, could be adversely impacted by the current pandemic or future significant outbreaks of COVID-19 in numerous ways, including but not limited to: (i) the medical centres in which we conduct our clinical trials may be closed due to lockdown of cities or governments' measures to contain the

outbreak of COVID-19; (ii) our enrolled patients in those medical centres may be quarantined for suspected or confirmed infection of COVID-19, fail to undergo required checkups or otherwise terminate the treatment, which may increase the drop-out rate of our enrolled patients for clinical trials; (iii) the supply of the test drugs and other resources for our clinical trials may be delayed or interrupted due to the lockdown of affected cities; (iv) medical resources required for our clinical trials may be diverted as medical centres or beds in those medical centres may be used for the treatment of patients with COVID-19, and other resources including medical staff and medical consumables may be allocated to the treatment of patients with COVID-19 on a prioritised basis; and (v) enrolment of patients may be affected as the outbreak and the risk of cross infection may reduce the willingness of qualified patients to visit medical centres and the lockdown and quarantine measures may affect the ability of patients to travel to the relevant medical centres from other cities.

As of the Latest Practicable Date, the COVID-19 outbreak has had adverse effects on our business, including delaying our enrolment of qualified patients for clinical trials. Additionally, our clinical trial centre in Miami for the ongoing phase Ib clinical trials of Pyrilutamide in the United States was temporarily closed, and as a result our study for Cohort 3 which was planned on 27 March 2020 will be suspended until further notice. The full effects of the current COVID-19 pandemic or future outbreaks on our business or our industry will depend on a number of factors outside our control, including the extent to which the current pandemic continues to spread, particularly in China and the other countries in which we are conducting clinical trials, and the level of the medical resources needed to treat COVID-19 patients in those countries, as well as the impact of COVID-19 on our employees, patients participating in our clinical trials, the personnel necessary to continue our clinical trials and our CROs and CMOs, and such effects could be material.

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

We maintain clinical trial insurance covering us against liability or compensation in respect of injury to any trial participant caused by or arising out of participation by the participant in our clinical trials. We do not currently maintain insurance for product liability for the commercial use of our drugs, environmental liability or toxic tort claims, key-man insurance for any senior management or key executives or business disruption insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

If any of our drug candidates are commercialised, counterfeits of our drugs and illegal drugs could negatively affect our sales and our reputation and expose us to liability claims.

Certain drugs distributed or sold in the pharmaceutical market may be manufactured without proper licences or approvals, or are fraudulently mislabelled with respect to their content or manufacturers. These drugs are generally referred to as counterfeit drugs. The counterfeit drug control and enforcement system, particularly in developing markets such as the PRC, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit drugs imitating our drugs. Following the commercialisation of any of our drug candidates, counterfeits of our drugs can quickly erode our future sales volume of the relevant drugs since counterfeit drugs in many cases have very similar appearances compared with the authentic drugs but are generally sold at lower prices. Moreover, counterfeit drugs may or may not have the same chemical composition as our drugs do, which may make them less effective

than our drugs, entirely ineffective or more likely to cause severe adverse side effects. This could expose us to negative publicity, reputational damage, fines and other administrative penalties, and may even result in litigation against us. The existence and prevalence of counterfeit drugs, drugs of inferior quality and other unqualified drugs in recent years from time to time may reinforce the negative image in general of all drugs manufactured in China among consumers, and may harm the reputation of companies like us. In addition, there may be drugs illegally imported into the PRC market, often at a lower price. These drugs may compete against and lower demand for drugs legally manufactured and sold in China. As a result of these factors, the continued proliferation of counterfeit drugs and illegal drugs in the market could affect our sales and reputation and expose us to liability claims.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to 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 laboratories use a small amount of poisonable reagents. Our operations also produce hazardous waste products. 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 or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties. We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. In particular, we expect that our cost of compliance with applicable environmental rules and regulations will increase notably if we commence production of drugs using our own manufacturing facilities. 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. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of hazardous or radioactive materials.

The discontinuation of any of the government grants, subsidies or tax incentives currently available to us could adversely affect our financial position, results of operations, cash flows and prospects.

Since our inception, we have benefited from certain government grants and subsidies. For the years ended 31 December 2018 and 2019, we recorded under other income RMB7.7 million and RMB17.0 million of government grants and subsidies, respectively. The incentives and subsidies are subject to the discretion of relevant government authorities. Consequently, our financial results in a particular period may vary relative to other periods depending on the potential changes in these government grants and subsidies in addition to any business or operational factors that we may otherwise experience. The discontinuation of government grants and subsidies currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects. In addition, we were eligible for deduction for R&D expenses during the Track Record Period, which would be deducted from our income tax expenditures if we had income tax obligations. As disclosed in Note 11 to the Accountant's Report set out in Appendix I to this Prospects, the super deduction in respect of R&D expenditures was RMB12.2 million and RMB33.6 million for the years ended 31 December 2018 and 2019, respectively. We cannot guarantee that we will continue to be eligible for such deductions in the future and we may not be able to enjoy such deductions when we have income tax obligations.

Our internal computer systems, or those of our CMOs, CROs or other contractors could fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our CMOs, CROs and other contractors are vulnerable to damage from computer viruses, unauthorised access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our drug development programmes. For example, the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approvals efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed or impaired.

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

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

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

We may be or become subject to anti-bribery laws in China, the United States and other jurisdictions, including Foreign Corrupt Practices Act, or FCPA. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. As our business expands, the applicability of FCPA and other anti-bribery laws to our operations will increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

We could be adversely affected by a deterioration of trade relations between the United States and China.

The U.S. government has indicated its intent to alter its approach to international trade policy and, among other things, has imposed tariffs on the import of certain foreign goods into the United States, including certain goods imported from China. In response, certain governments, including China, have imposed tariffs on the import of certain U.S. goods.

Although innovative drugs have not been the subject of the U.S. or Chinese tariffs, it remains unclear what the United States, China or other governments will or will not do with respect to tariffs or other international trade policies. A further deterioration of trade relationship between the United States and China, whether as a result of any future imposition of tariffs on the import of Chinese-origin innovative drugs into the United States or otherwise, could adversely affect our ability to commercialise successfully in the United States any drugs for which we may receive NDA approval from the U.S. FDA. Additionally, a further deterioration of the trade relationship between the United States and China, the imposition of tariffs on Chinese-origin innovative drugs or the perception that such tariffs may be imposed may adversely impact our ability to collaborate with U.S. and other pharmaceutical companies, including our ability to procure license-in agreements to develop and market drugs for the U.S. market.

Any failure to comply with applicable laws and regulations and industry standards or obtain various licences and permits or any change to the applicable laws and regulations could harm our reputation and business, results of operations and prospects.

A number of governmental agencies or industry regulatory bodies in China, the United States and other jurisdictions impose strict rules, regulations and industry standards governing pharmaceutical and biotechnology R&D activities, which apply to us. In addition, we are also subject to laws and regulations with respect to our overall operations. We may be unable to comply with such laws and regulations as they continue to change and evolve, or due to differences in national, provincial or local laws and regulations, or their implementation or enforcement. Our failure to comply with such regulations could result in the termination of ongoing drug development programmes, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. These could harm our reputation, prospects and operating results.

Our reputation is important to our business success. Negative publicity may adversely affect our reputation and business prospect.

Any negative publicity concerning us, our affiliates or any entity that shares the "Kintor" name, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicities about us or any of our affiliates or any entity that shares the "Kintor" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO THE PRC

Political, economic and social developments in China could have an adverse effect on our business.

Since our business is predominantly conducted in China, we are subject to the risks of political, economic and social developments in China. The Chinese economy differs from the economies of other developed countries in terms of structure, government intervention, development, growth rate, control of foreign exchange, and resource allocation. Since the late 1970s, the PRC government has been implementing economic reform measures and using market forces to develop the PRC economy and has since transitioned from a planned economy to a more market-oriented economy. However, the PRC government continues to play a significant role in regulating industries by promulgating economic policies, and a significant portion of productive assets in China is still government owned. Although the PRC has been one of the world's fastest growing economies in recent years as measured by GDP, such growth may not be sustainable in the future. The PRC government exercises significant control over

the economy through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Such measures may lead to changes in market conditions and could materially and adversely affect our business, financial condition and results of operations. If the PRC economy experiences significant adverse changes due to any of the foregoing reasons, potential demand for our drug candidates may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

Uncertainties in respect of the PRC legal system could have an adverse effect on our business.

Substantially all of our business and operations are conducted in China and governed by the PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes where, unlike common law systems, decided legal cases have limited value as precedent. Since 1979, the PRC government has been promulgating a comprehensive system of laws and regulations governing economic matters in general. 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 activity in China. These laws, rules and regulations are relatively new and are often changing, and published cases concerning these laws, rules and regulations are limited. Consequently, their interpretation and enforcement involve a fair amount of uncertainties compared to other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect, and we may be subject to retroactive regulatory actions as a result. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in significant costs to us and a diversion of our resources and management attention. We cannot predict future developments in the PRC legal system or the effects of such developments. There can be no assurance that the PRC government will not amend or revise existing laws which could adversely affect our business.

It may be difficult to effect service of process upon us or our Directors or senior management who reside in China or to enforce non-PRC court judgements against them in China.

Substantially all of our assets are situated in China and a majority of our Directors and senior management members reside in China. As a result, it may be difficult to effect service of process outside the PRC upon a majority of our Directors and officers, including in respect of matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom and most other countries. Consequently, it may be difficult for you to enforce any judgements obtained from non-PRC courts against us or our Directors or senior management members in China.

Restrictions on foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. A substantial portion of our future revenue is expected to be denominated in Renminbi, which is not readily convertible into other currencies. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments indirectly from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange

regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. In light of the flood of capital outflows of China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may be limited in our foreign exchange transactions, including our ability to pay any dividends in foreign currencies to our shareholders.

Fluctuations in Renminbi exchange rates may expose us to exchange rate volatility.

Under the current policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall within stipulated ranges against different currencies each day. We cannot predict whether the PRC government may change its policies that have effect on the exchange rate of the Renminbi, as well as when and how Renminbi exchange rates may change going forward. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars, of our assets, any future earnings or any declared dividends. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi 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 Renminbi, including proceeds from the Global Offering, as Renminbi is the functional currency of our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for any dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. Also, there are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. During the Track Record Period, we did not enter into any agreements to hedge our exchange rate exposure. In any event, to the extent such hedges are available, their effectiveness may be limited and we may be unable to hedge our exposure successfully, or at all.

Inflation in the PRC could negatively affect our financial position.

Economic growth in the PRC has, in the past, been accompanied by periods of high inflation, and the PRC government has implemented various policies from time to time to control inflation. For example, the PRC government introduced measures in certain sectors to avoid overheating of the economy, including tighter bank lending policies and increases in bank interest rates. The effects of the stimulus measures implemented by the PRC government since the global economic crisis in 2008 had resulted in an inflation in recent years. If such inflation continues, our operating cost would likely increase. If the PRC government implements new measures to control inflation, these measures may also slow down economic activity and potentially affect our future growth.

We may be treated as a PRC tax resident enterprise under the EIT Law, which may subject us to PRC income taxes on our worldwide income.

We are a holding company incorporated under the laws of Cayman Islands. Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法) (the "**EIT Law**"), which came into effect on 1 January 2008, and its implementation rules, enterprises organised under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC may be considered "PRC tax resident enterprises" and subject to a uniform 25% PRC income tax on their worldwide income. The implementation rules to the EIT Law define the term "de facto management body" as "body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise". The Notice on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) and the Administrative Measures on the Corporate Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (境外註冊中資控股居民企業所得税管理辦法(試行)) issued in April 2009 and July 2011 set out certain criteria for specifying what constitutes a "de facto management body" in respect of enterprises that are established offshore by PRC enterprises. However, no such criteria are provided in these or other publications by the PRC State Administration of Taxation in respect of enterprises established offshore by private individuals or foreign enterprises like us. As a result, it is unclear whether we will be deemed to be a "PRC tax resident enterprise" for the purpose of the EIT Law even though substantially all of the operational management of our Company is currently based in the PRC. There can be no assurances that we will not be treated as a PRC resident enterprise under the EIT Law and not be subject to the enterprise income tax rate of 25% on our global income in the future. If we were treated as "PRC tax resident enterprise", or of there is any change or discontinuation or non-renewal of such favourable tax treatments, we would be subject to PRC income taxes on our worldwide income, which may adversely affect our profitability and distributable profit to our Shareholders.

Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our Shareholders.

We are a holding company incorporated under the laws of Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the EIT Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise, unless the jurisdiction of the foreign investor's tax residence has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion 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 relevant PRC tax laws on the interpretation of the Arrangement, a preferential withholding tax rate of 5% may apply if the PRC enterprise is at least 25% held by the Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and certain other conditions, for example, the beneficial ownership requirement, are met. Furthermore, under the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers《國家税務總局關於發佈<非居民納税人享受税收税收協定待遇管理辦法>的公告》, which was issued in August 2015, the applicant for the preferential withholding rate is required to make a record with its in-charge tax authority and submit all the requisite application materials. No government approval for the application is

required, although the relevant tax authorities may challenge the applicability of the preferential withholding rate later on. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate under the Double Taxation Arrangement with respect to dividends, if any, that may be paid by our PRC subsidiaries to our Hong Kong subsidiaries.

Gains on the sales of Shares and dividends on the Shares may be subject to PRC income taxes.

Under the EIT Law and its implementation rules, unless otherwise provided in a treaty, PRC withholding tax at the rate of 10% is applicable to dividends payable by "PRC tax resident enterprises" to investors that are "non-PRC residents", that is, 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 have their source within the PRC. Similarly, any gain realised on the transfer of shares of "PRC tax resident enterprises" by such investors is also subject to PRC income tax, usually at rate of 10% unless otherwise reduced or exempted by relevant tax treaties or similar arrangements, if such gain is regarded as income derived from sources within the PRC. Our Company is a holding company incorporated in Cayman Islands and substantially all of our operations are in the PRC. There is uncertainty whether we will be considered a "PRC tax resident enterprise" for the purpose of the EIT Law. As a result, it is unclear whether any dividends paid on our Shares, or any gain realised from the transfer of our Shares, would be treated as income derived from sources within China and would as a result be subject to PRC income tax. If we are considered a "PRC tax resident enterprise", then any dividends paid to our Shareholders that are "non-PRC residents" and any gains realised by them from the transfer of our Shares may be regarded as income derived from PRC sources and, as a result, would be subject to a 10% PRC income tax, unless otherwise reduced or exempted. It is unclear whether, if we are considered a "PRC tax resident enterprise", our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between PRC and other countries or regions. If any dividends payable to our non-PRC Shareholders that are "non-PRC residents", or any gains from the transfer of our Shares are subject to PRC tax, the value of such non-PRC Shareholders' investment in our Shares may be materially and adversely affected.

PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Capital contributions to our PRC subsidiaries must be approved by or filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds. On 30 March 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding 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》, "**SAFE Circular 19**"), which took effect and replaced certain previous SAFE regulations from 1 June 2015. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and

Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《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》, the "**SAFE Circular 16**"), effective on 9 June 2016, which, among other things, amend certain provisions of SAFE Circular 19. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Any requirement to obtain prior approval under the M&A Rules and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could create uncertainties for the Global Offering and failure to obtain any such approvals, if required, could have a material adverse effect on our business.

On 8 August 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, or the SASAC, the State Administration of Taxation, the State Administration for Industry and Commerce, or the SAIC, the CSRC and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on 8 September 2006, and was amended on 22 June 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. While the application of the M&A Rules remains unclear, we believe, based on the advice of our PRC counsel that the CSRC approval is not required in the context of the Global Offering because we are not a special purpose vehicle defined under the M&A Rules and have set up our PRC subsidiaries through foreign direct investment. However, we cannot assure you that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel. If the CSRC or other PRC regulatory agency subsequently determines that prior CSRC approval was required for the Global Offering or if the CSRC or any other PRC government authorities promulgates any interpretation or implements rules before the Listing that would require us to obtain CSRC or other governmental approvals for the Global Offering, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Shares. The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt the Global Offering before settlement and delivery of the Shares offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur.

Any failure to comply with PRC regulations regarding the Employee Incentive Scheme may subject the PRC participants or us to fines and other legal or administrative sanctions.

In February 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. Accordingly, PRC residents who are granted RSUs or RSAs by a company listed on an overseas stock market under its employee stock incentive plan are required to register with the SAFE or its local counterparts by following certain procedures. We and our employees who are PRC residents and individual beneficial owners who have been granted RSUs or RSAs under the Employee Incentive Scheme will be subject to these rules due to our listing on the Stock Exchange. We will assist our employees to register their Shares underlying the RSUs or Restricted Shares. However, any failure of our PRC individual beneficial owners and holders of RSUs or RSAs to comply with the SAFE registration requirements in the future may subject them to fines and sanctions. In addition, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before restricted share units or restricted shares are vested. We and our PRC employees who have been granted restricted share units or restricted shares are subject to these regulations. Failure of the PRC grantees to complete their SAFE registrations may subject these PRC residents to fines up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, or otherwise materially adversely affect our Business.

In addition, the State Taxation Administration of the PRC has issued circulars concerning restricted share units or restricted shares. Under these circulars, employees working in the PRC with restricted share units or restricted shares vested, will be subject to PRC individual income tax ("**IIT**"). The PRC subsidiaries of an overseas listed company have obligations to file documents related to restricted share units or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their restricted share units or restricted shares. If our employees fail to pay or our PRC subsidiaries fail to report and withhold IIT according to relevant laws, rules and regulations in the future, both may face sanctions imposed by the tax authorities or other PRC government authorities.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; the market price of our Shares may be volatile and an active trading market for our shares may not develop.

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 Global Coordinators (for themselves and 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. In April 2018, the Stock Exchange adopted new rules under Chapter 18A of its Listing Rules. Chapter 18A permits for the first time listing on the Stock Exchange of pre-revenue, loss making Biotech Companies (as defined by Chapter 18A of the Listing Rules) such as our Company. As required by Chapter 18A of the Listing Rules, there will be a stock marker "B" at the end of our stock name to denote we are a biotech company listed pursuant to Chapter 18A of the Listing Rules.

A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the 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. In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors, including:

- variations in our drug development programmes and operating results;
- our announcement of changes to our expectations or targets for timing of milestones associated with our drug development milestones;
- our announcement of the outcome of clinical trials for our drug candidates;
- other announcements made by us or our competitors or other biotech companies;
- changes in financial estimates by securities analysts;
- regulatory developments in China affecting us;
- our competitors;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and China;
- developments in China healthcare market;
- changes in pricing made by us or our competitors;
- acquisitions by us or our competitors;
- the depth and liquidity of the market for our Shares;
- additions to or departures of, our executive officers and other members of our senior management;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- sales or anticipated sales of additional Shares; and
- the general economy and other factors.

Biotech companies listed under Chapter 18A of the Listing Rules are generally viewed as being early stage and significantly riskier than those companies traditionally listed on the Stock Exchange. The trading market for Biotech Companies (including the depth and liquidity for that market) may take time to develop and could be subject to significant and adverse changes. Our shares and the shares of other Biotech Companies could be subject to significant volatility unrelated to company-specific performance or corporate developments. For example, adverse announcements by another unrelated biotech company could adversely impact the trading price for our Shares. 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.

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

In April 2018, the Stock Exchange adopted new rules under Chapter 18A of the Listing Rules. Under these rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or any series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this prospectus. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of a consent from the Stock Exchange. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares 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 per Share. 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.

Our Company was incorporated under the laws of the Cayman Islands and these could provide different protections to minority shareholders than the laws of Hong Kong.

Our corporate affairs are governed by our Memorandum and Articles, and by the Cayman Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ from those established under statutes or judicial precedent in Hong Kong or other jurisdictions with which minority Shareholders are more familiar. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar. Please refer to Appendix IV to this prospectus for further details of the Cayman Islands law.

Future sales or perceived sales of our Shares in the public market by major Shareholders following the Global Offering could materially and 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, or issuance by us of significant amounts of our Shares after the Global Offering, could result in a significant decrease in the prevailing market prices 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 for our Shares and our ability to raise equity capital in the future.

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

Immediately following the Global Offering, our Controlling Shareholders will hold in aggregate approximately 27.64% of our Shares, assuming the Over-allotment Option is not exercised. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of any dividend payments, as well as our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

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 not more than five 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.

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 R&D of our drug candidates and the continued growth of our business. 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 Directors have significant discretion as to whether to distribute dividends. Even if our Directors decide to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, 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 Directors. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the relevant laws. 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 realise a return on your investment in our Shares and you may even lose your entire investment in our Shares.

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

Facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and healthcare industry in China are obtained from various sources including official government publications that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the Joint Global Coordinators, 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 market practice and other problems, the statistics in this prospectus relating to the PRC economy and the healthcare industry in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. 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. Further, there can be no assurances that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

You should only rely on the information included in this prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the Global Offering.

There has been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus. We have not authorised the disclosure of any such information 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 decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Global Offering, we have sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules and the Companies (Winding up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our business operations are located in China. Due to the business requirements of our Group, none of the executive Director has been, is or will intend in the near future to be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we have or will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Dr. Tong and Ms. Ching Man Yeung. The authorised representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;

(b) each of the authorised representatives has the means to contact all the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;

(c) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

(d) Red Solar Capital Limited, our compliance adviser, will act as an additional channel of communication with the Stock Exchange; and

(e) each Director will provide his/her respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

WAIVER FROM RULES 3.28 AND 8.17 OF THE LISTING RULES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we are required to appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note (1) to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

We have appointed Dr. Jie Chen as a joint company secretary. Please refer to the section headed "Directors and Senior Management – Joint Company Secretaries" in this prospectus for further biographical details of Dr. Jie Chen. Given that Dr. Jie Chen is not a member of the Hong Kong Institute of Chartered Secretaries, a solicitor, barrister or a professional accountant as required under Note (1) of Rule 3.28 of the Listing Rules, her appointment as a joint company secretary does not strictly comply with Rules 3.28 and 8.17 of the Listing Rules.

Therefore, we have appointed Ms. Ching Man Yeung to act as a joint company secretary. Ms. Yeung is currently a member of the Hong Kong Institute of Certified Public Accountants. Accordingly, Ms. Yeung fully complies with the requirements as stipulated under Rules 3.28 and 8.17 of the Listing Rules. We have engaged Ms. Yeung as a joint company secretary for a minimum period of three years commencing from the Listing Date, during which she will assist and guide Dr. Jie Chen to enable her to acquire the "relevant experience" under Note (2) to Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. 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. Ching Man Yeung, who possesses all the requisite qualifications required under Rule 3.28 of the Listing Rules, to assist Dr. Jie Chen in discharging her 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 expiry of the three-year period, a further evaluation of the qualifications and experience of Dr. Jie Chen and the need for on-going assistance will be made.

EXEMPTION IN RESPECT OF FINANCIAL STATEMENTS IN THIS PROSPECTUS

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

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 (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its document a report by the auditors of the company with respect to (i) the profits and losses of our Company and (ii) the assets and liabilities of our 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.

Our Company is primarily engaged in the proprietary R&D of first-in-class and best-in-class drugs and therefore falls within the scope of a biotech company as defined under Chapter 18A of the Listing Rules and is seeking the Listing under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules further requires that a biotech company must comply with Rule 4.04 of the Listing Rules, modified so that references to "three financial years" or "three years" in Rule 4.04 of the Listing Rules shall instead reference to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months before the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountant's Report of our Company set out in Appendix I to this prospectus is currently prepared to cover the two financial years ended 31 December 2018 and 2019.

As such, the Sole Sponsor has 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 Accountant's Report covering the full three financial years immediately preceding the issue of this prospectus on the following grounds:

(a) our Company is primarily engaged in the R&D, application and commercialisation of biotech products, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfil the additional conditions for Listing applicable to a company seeking the Listing under Chapter 18A of the Listing Rules;

(b) as of the Latest Practicable Date, the Group has not commercialised any products and therefore did not generate any revenue from product sales. Material information regarding the Group's fund raising activities since the establishment of Suzhou Kintor, the principal subsidiary of the Group, has been disclosed in the sections headed "History, Development and Reorganisation" and "Financial Information" in this prospectus;

(c) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended 31 December 2018 and 2019 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

(d) the Accountant's Report covering the two financial years ended 31 December 2018 and 2019, together with other disclosure in this 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 our 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 this prospectus. Therefore, the exemption would not prejudice the interest of the investing public; and

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

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before 12 May 2020.

CORNERSTONE SUBSCRIPTION BY EXISTING SHAREHOLDERS 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) Highlight Medical (an existing shareholder of our Company) and (ii) Cherry Cheeks (an existing shareholder of our Company) to subscribe for Shares in the Global Offering (the "**Participating Shareholders**"), subscribing as cornerstone investors.

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 Rules 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 their cornerstone investments (in respect of Participating Shareholders subscribing as cornerstone investors) which follow 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 favourable to them than those in other cornerstone investment agreements; and

(d) details of the allocation of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors are disclosed in this prospectus and 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 "Cornerstone Investors" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus 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) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus.

The Directors confirm, having made all reasonable enquiries, 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 in this prospectus misleading.

THE HONG KONG PUBLIC OFFERING, UNDERWRITING AND THIS PROSPECTUS

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 set out the terms and conditions of the Hong Kong Public Offering.

The 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 any information or representation not contained herein and therein must not be relied upon as having been authorised by the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, 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 Sole Sponsor. The Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the Offer Price being agreed.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

STRUCTURE OF THE GLOBAL OFFERING

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

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.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of Offer Shares to, confirm that he/she/it is aware of the restrictions on offers of the Offer Shares described in this prospectus and the 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 and/or the Application Forms 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/or the Application Forms and the offering 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 granting of the listing of, and permission to deal in, the Shares, including any Shares which may be issued by us pursuant to the Global Offering and upon the exercise of the Over-allotment Option.

Save as aforesaid, no part of our Shares or loan capital is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 22 May 2020. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 9939.

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

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and the Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of the Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

All Offer Shares will be registered on the register of members of our Company in Hong Kong. Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

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, purchasing, holding or disposal of, and dealing in the Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts 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, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain figures in Renminbi into HK dollars, Renminbi into US dollars, and vice versa, at specified rates.

Unless we indicate otherwise, the translation of HK dollars into RMB, and vice versa, in this prospectus was made at the following rate:

HK$1.00 to RMB0.9106
US$1.00 to RMB7.0622

No representation is made that any amounts in HK dollars, RMB or US 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 this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

For further information on our Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Director		
Dr. Youzhi Tong	Room 202, No. 58, Lane 1213, Wan'An Road, Shanghai, China	American
Non-executive directors		
Dr. Chuangxing Guo	Room 905, No. 17, Meisong Garden, Suzhou, China	American
Mr. Gang Lu (陸剛)	No. 6212 Building, Mingdu Garden, No. 6 Yuyang Road, Shunyi District, Beijing, China	Chinese
Mr. Jie Chen (陳傑)	House No. 79, Lane 86, Yehui Road, Zhaoxiang Town, Qingpu District, Shanghai, China	Chinese
Dr. Bing Chen (陳兵)	Room 2401, 24th Floor, No. 6 Building, Garden 3, East Qingheying Road, Chaoyang District, Beijing, China	Chinese
Ms. Xiaoyan Chen (陳曉艷)	Room 202, No. 17, Lane 222 Xinzhu Road, Minhang District, Shanghai, China	Chinese

Further information is disclosed in the section headed "Directors and Senior Management" in this prospectus.

Name	Address	Nationality
Independent non-executive directors		
Dr. Michael Min Xu	Room 138, No. 7 Building, No. 99 Qingcheng Road, Suzhou Industrial District, Jiangsu Province, China	American
Dr. John Fenyu Jin	3 Dinsmore Lane, West Windsor NJ 08550-3540 USA	American
Mr. Wallace Wai Yim Yeung (楊懷嚴)	Flat H, 17th Floor, Block 1, 121 Choi Hung Road, Kai Tak Garden, Wong Tai Sin, Kowloon, Hong Kong	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street 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	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong Haitong International Securities Company Limited 22nd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong China Everbright Securities (HK) Limited 24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Joint Lead Manager	SPDB International Capital Limited 32/F, One Pacific Place 88 Queensway Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers Certified Public Accountants and Registered PIE Auditor 22/F Prince's Building Central Hong Kong
Legal Advisers to our Company	*as to Hong Kong and United States laws:* Ashurst Hong Kong 11/F Jardine House One Connaught Place Central Hong Kong

	as to PRC law: AllBright Law Offices 9/11/12/F Shanghai Tower 501 Yincheng Middle Road Pudong New Area Shanghai PRC *as to Cayman Islands law:* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the Underwriters	*as to Hong Kong and United States laws:* Slaughter and May 47/F Jardine House One Connaught Place Central Hong Kong *as to PRC law:* CM Law Firm 2805, Phase II, Plaza 66 1366 West Nanjing Road Shanghai PRC
Property Valuer	Vigers Appraisal & Consulting Limited 27/F Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kowloon, Hong Kong
Industry Consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. 1018, Greenland Meeting Center Tower B 500 Yunjin Road Xuhui District Shanghai PRC

Receiving Banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong

Registered Office	Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head Office and Principal Place of Business in China	Unit 401, Block C4, Bio-Nano Park No. 218 Xing Hu Street Suzhou Industrial Park Suzhou Jiangsu PRC
Principal Place of Business in Hong Kong	Suite 2007, 20th Floor Tower 2, The Gateway Harbour City Kowloon Hong Kong
Company's Website	**www.kintor.com.cn** *(The information on the website does not form part of this prospectus)*
Joint Company Secretaries	Dr. Jie Chen Unit 401, Block C4, Bio-Nano Park No. 218 Xinghu Street Suzhou Industrial Park Suzhou Jiangsu Province PRC Ms. Ching Man Yeung *(member of the Hong Kong Institute of Certified Public Accountants)* 40/F, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong
Authorised Representatives	Dr. Tong Room 202, No. 58, Lane 1213, Wan'An Road, Shanghai, China Ms. Ching Man Yeung 40/F, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Wallace Wai Yim Yeung (楊懷嚴) *(Chairman)* Mr. Bing Chen (陳兵) Dr. Michael Min Xu
Remuneration Committee	Dr. Michael Min Xu *(Chairman)* Dr. Tong Dr. John Fenyu Jin
Nomination Committee	Dr. Tong *(Chairman)* Mr. Wallace Wai Yim Yeung (楊懷嚴) Dr. John Fenyu Jin
Compliance Adviser	**Red Solar Capital Limited** 11/F, Kwong Fat Hong Building 1 Rumsey Street, Sheung Wan Hong Kong
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal Banks	**Shanghai Pudong Development Bank Suzhou Branch Wuzhong Sub-branch** No. 103 Dongwubei Road Suzhou Jiangsu Province PRC **China Construction Bank Suzhou Industrial Park Sub-branch** Floor 8, CSSD Building No. 158 Wangdun Road Suzhou Industrial Park Suzhou Jiangsu Province PRC

Certain information and statistics set out in this section and elsewhere in this prospectus relating to the industry in which we operate are derived from the Frost & Sullivan Report prepared by Frost & Sullivan, an independent industry consultant we commissioned. We believe that the sources of the information are appropriate sources for such information, and 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 government and non-official sources has not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (save for Frost & Sullivan), and no representation is given as to its accuracy. Accordingly, the official government and non-official sources contained herein may not be accurate and should not be unduly relied upon.

PROSTATE CANCER

Prostate Cancer and its Treatment

Prostate cancer begins when healthy cells in the prostate change and grow out of control, eventually developing into a tumour. The risk factors that may lead to prostate cancer include: mutations in the BRCA1 and/or BRCA2 genes, other genetic changes (HPC1, HPC2, HPCX, CAPB, ATM and FANCA), family history and eating habits.

Prostate cancer is one of the ten most common cancer types by the number of new cases in both the United States and globally, while in China, prostate cancer is the 11th most common cancer type in terms of new cases in 2018. The growth rate of prostate cancer from 2014 to 2018 in terms of new cases is the second highest among the ten most common cancer types in China, and is the highest among the ten most common cancer types globally. Prostate cancer is one of the most common cancer types in the male population with over 1.2 million new cases globally in 2018, ranking the second in terms of the number of new cases in male cancer patients. The number of new prostate cancer cases in China reached 102.5 thousand in 2018, ranking the sixth in terms of the number of new cases in male cancer patients.

Since the 1940s, endocrine therapy and chemotherapy have been the optimised option for first-line therapies of prostate cancer. According to the latest National Comprehensive Cancer Network ("**NCCN**") guidelines for the treatment of prostate cancer, several combination therapies, which are all endocrine-based therapies, are also recommended for the treatment of prostate cancer.

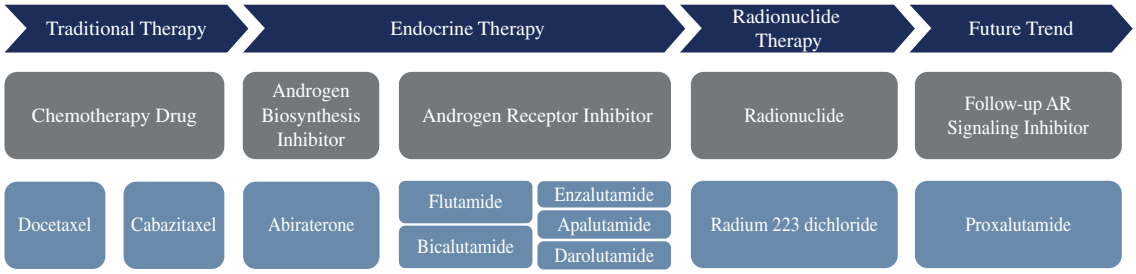
CRPC and its Treatment

CRPC is prostate cancer that progresses clinically, radiographically or biochemically, despite castrate levels of serum testosterone (<50 ng/dL) in the patient. Patients with prostate cancer that have relapsed after local therapy or that have spread distantly usually respond to androgen deprivation therapy ("**ADT**"); however, despite receiving ADT, most of these patients eventually experience disease progression and develop CRPC within a median of 18 to 24 months from receiving ADT. A substantial majority of CRPC will be developed into mCRPC.

Treatment options are currently limited for CRPC patients. Common therapies include chemotherapies and endocrine therapies, which can only retard progression by several months, rather than prevent the progression of the disease. New therapeutic drugs are in an advanced stage of clinical testing in order to fill the need for improvement in CRPC treatments.

The following chart sets forth the treatment evolution of CRPC:

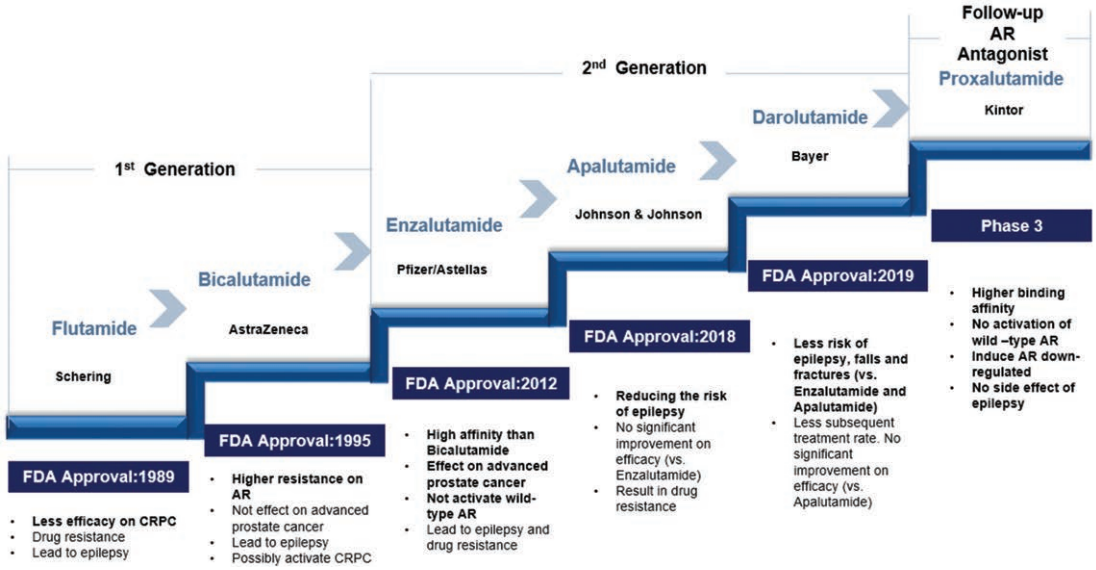
Treatment Evolution of Castration-Resistant Prostate Cancer



Source: Frost & Sullivan Report

AR antagonists work by blocking androgen receptors in the treatment of prostate cancer. There are currently two generations of AR antagonists, which consist of six drugs approved by the U.S. FDA. The following chart sets forth the evolution of AR antagonists used in the treatment of CRPC:

Evolution of AR Antagonists



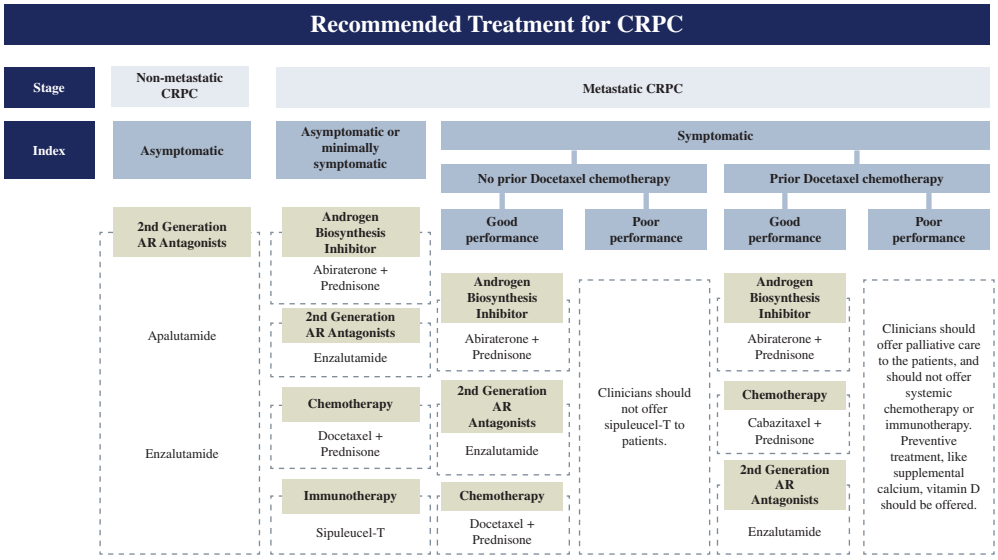
Notes:

(1) Nilutamide is not listed here because nilutamide and bicalutamide are all structure optimisation products of Flutamide.

(2) Among 2nd generation AR antagonists, Enzalutamide is approved for mCRPC and nmCRPC, Apalutamide and Darolutamide are approved for nmCRPC.

Source: Frost & Sullivan Report

The following chart sets forth the recommended CRPC treatment in American Urology Association ("**AUA**") guidelines:



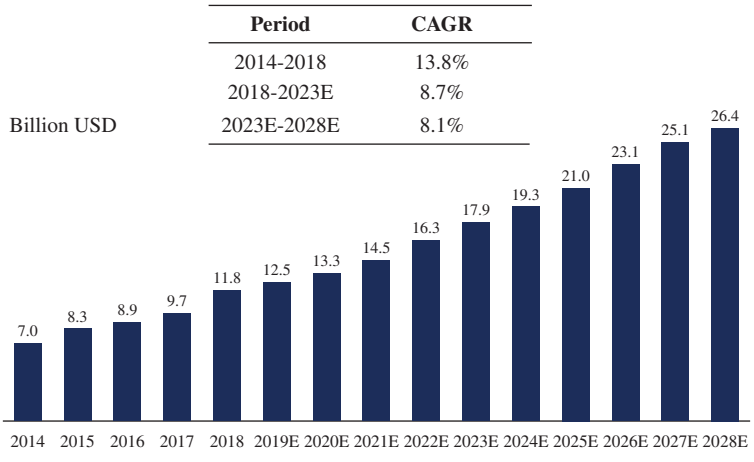
Source: Frost & Sullivan Report

Global Prostate Cancer Drug Market

Size and Growth of Global Prostate Cancer Drug Market

The global prostate cancer market grew at a CAGR of 13.8% from US$7.0 billion in 2014 to US$11.8 billion in 2018. The global prostate cancer market is expected to grow at a CAGR of 8.7% from 2018 to US$17.9 billion in 2023 and at a CAGR of 8.1% from 2023 to US$26.4 billion in 2028.

Historical and Forecasted of Global Prostate Cancer Drug Market Size, 2014-2028E

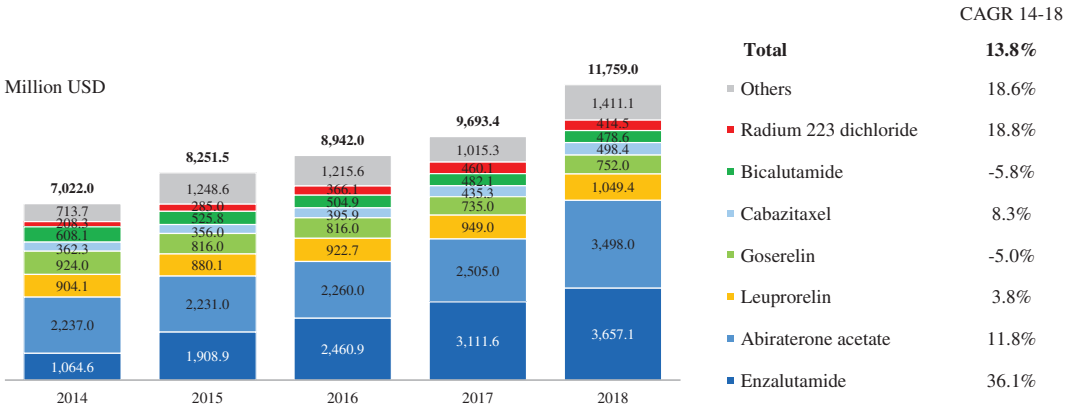


Source: Frost & Sullivan Report

Competitive Landscape in the Global Prostate Cancer Drug Market

Enzalutamide, Abiraterone acetate and Leuprorelin are the top three drugs in the global prostate cancer market by revenue in 2018, which in total accounted for 69.8% of the overall global prostate cancer market in terms of revenue. The growth rate of Enzalutamide's and Radium 223 dichloride's market size during the past five years outperformed the other drugs, with a CAGR of 36.1% and 18.8% from 2014 to 2018, respectively. The following chart sets forth a breakdown of the size of the global prostate cancer drug market in terms of revenue by generic drug segment from 2014 to 2018:

Breakdown of Global Prostate Cancer Drug Market Size by Generic Name, 2014-2018



Source: Frost & Sullivan Report

Enzalutamide is the only approved drug for mCRPC that targets AR in the United States. It also obtained NDA approval for mCRPC in China in November 2019. The following table sets forth the details of Enzalutamide approved by the U.S. FDA and NMPA in China:

Generic Name	Company	Mechanism of Action	Clinical Trial Results			Unit Price, USD
			Indication	Efficacy	Safety	
Enzalutamide	Astellas/ Pfizer	Blocks androgen binding to its receptor and prevents nuclear translocation of ligand-receptor complex and recruitment of coactivators	mCRPC following chemotherapy (versus Placebo)	Median Overall Survival = 18.4 months	Grade 3 and higher AEs = 47%; Discontinuation due to AE = 16%; Seizure = 0.9%	100.6 (40 mg)
			Chemotherapy-naïve mCRPC (versus Placebo)	Median Overall Survival = 35.3 months	Grade 3 and higher AEs = 44%; Discontinuation due to AEs = 6%	
			Chemotherapy-naïve mCRPC (versus Bicalutamide)	Median rPFS = 19.5 months	Discontinuation due to AEs = 6.3%	

Note: The clinical trial results of Enzalutamide in China are not available.

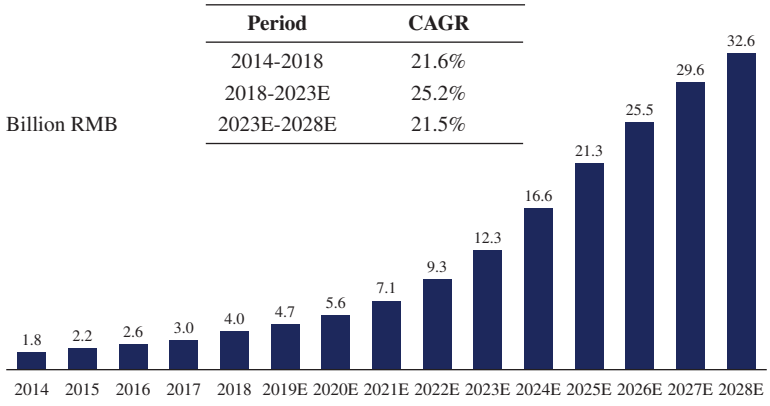
Source: Frost & Sullivan Report

Prostate Cancer Drug Market in China

Size and Growth of China's Prostate Cancer Drug Market

China's prostate cancer drug market grew at a CAGR of 21.6% from RMB1.8 billion in 2014 to RMB4.0 billion in 2018. The growth of China's prostate cancer drug market during this period was higher than China's oncology drug market, which grew at a CAGR of 14.9% during the same period. This trend is expected to continue with the prostate cancer drug market in China expected to grow at a CAGR of 25.2% from 2018 to RMB12.3 billion 2023 and at a CAGR of 21.5% from 2023 to RMB32.6 billion in 2028. The expected CAGRs for the prostate cancer drug market in China from 2018 to 2023 and from 2023 to 2028 are both higher as compared to the expected CAGRs for the oncology drug market in China during the same periods. This is due to a combination of factors, according to the Frost & Sullivan Report, including (i) a growing number of newly diagnosed prostate cancer patients in the next 10 years resulting from the increased use of PSA screening technology; (ii) the inclusion of prostate cancer drug such as Abiraterone in China national reimbursement drug list which is expected to boost drug sales; and (iii) the continuous launch of new drugs such as Enzalutamide and Proxalutamide which will promote market growth.

Historical and Forecasted of China Prostate Cancer Drug Market Size, 2014-2028E



Source: Frost & Sullivan Report

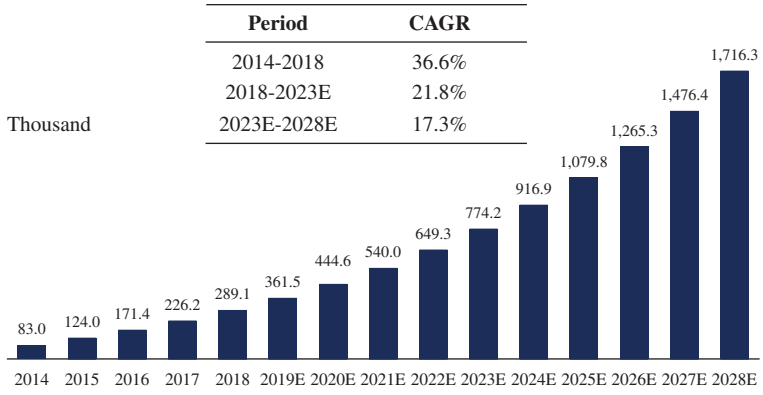
Number of Patients and Treatment Costs in China

Driven by the increasing number of new prostate cancer cases and increased survival rates of prostate cancer patients, the total number of prostate cancer patients in China grew at a CAGR of 36.6% from 83.0 thousand in 2014 to 289.1 thousand in 2018. This trend is expected to continue, with the number of prostate cancer patients in China expected to grow at a CAGR of 21.8% from 2018 to 774.2 thousand in 2023 and at a CAGR of 17.3% from 2023 to 1,716.3 thousand in 2028.

The total number of CRPC patients in China grew at CAGR of 32.6% from 29.9 thousand in 2014 to 92.5 thousand in 2018. This trend is expected to continue, with the number of CRPC patients in China expected to grow at a CAGR of 17.7% from 2018 to 209.0 thousand in 2023 and at a CAGR of 12.6% from 2023 to 377.6 thousand in 2028.

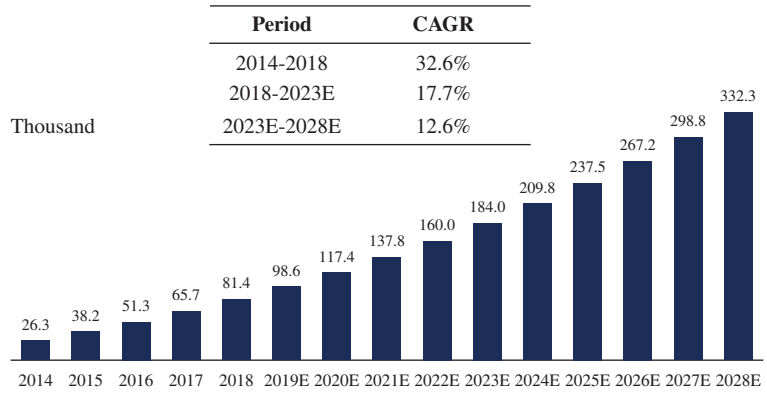
The annual cost per patient of Abiraterone in China was US$19,796 in 2018.

Total Number of Prostate Cancer Patients in China, 2014-2028E



Source: Frost & Sullivan Report

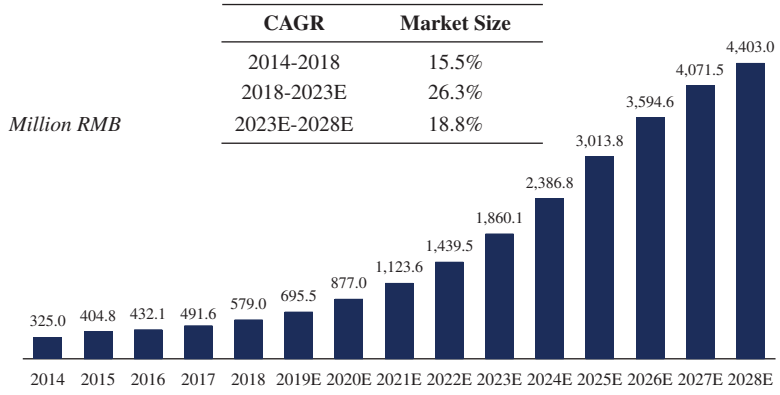
Total Number of mCRPC Patients in China, 2014-2028E



Source: Frost & Sullivan Report

The primary first-line treatment for mCRPC is Abiraterone and Enzalutamide. With the inclusion of Abiraterone into the National Reimbursement Drug List and national centralised procurement, the economic burden of using Abiraterone was lowered and the number of Abiraterone users is expected to increase.

Market Size of First-line Treatment of mCRPC in China, 2014-2028E



Source: Frost & Sullivan Report

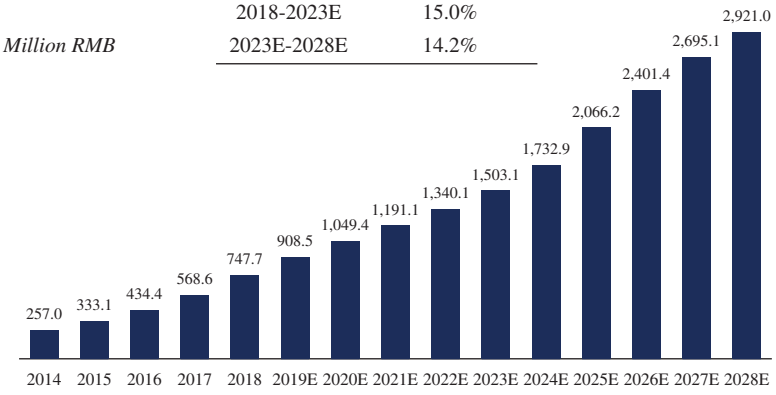
Second-line Therapies in China

Second-line therapies refer to therapies that are given when the initial therapies do not work or stop working.

Between 2014 and 2018, the market size of second-line treatment for mCRPC grew from RMB257.0 million to RMB747.7 million, at a CAGR of 30.6%. Chemotherapy has become the major choice for second-line treatment of mCRPC, and the market size is expected to grow to RMB2,921.0 million in 2028.

Market Size of Second-line Treatment of mCRPC in China, 2014-2028E

CAGR	Market Size
2014-2018	30.6%
2018-2023E	15.0%
2023E-2028E	14.2%

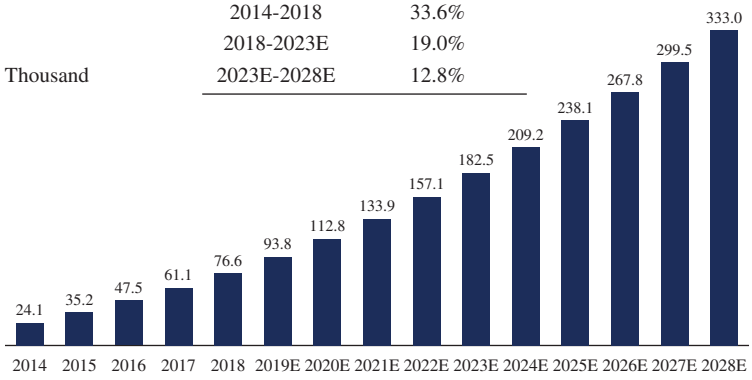


Source: Frost & Sullivan Report

The number of patients receiving second-line therapies for prostate cancer increased at a CAGR of 33.6% from 24.1 thousand in 2014 to 76.6 thousand in 2018, and is expected to increase at a CAGR of 19.0% to 182.5 thousand in 2023 and at a CAGR of 12.8% from 2023 to 333.0 thousand in 2028. The increasing number of patients receiving second line therapies may relate to the emergence of new anti-cancer drugs, such as small molecule targeted drugs, which offer more choices for patients, according to the Frost & Sullivan Report.

Number of Later Stage Patients Taking Second Line Treatment in China, 2014-2028E

Period	CAGR
2014-2018	33.6%
2018-2023E	19.0%
2023E-2028E	12.8%

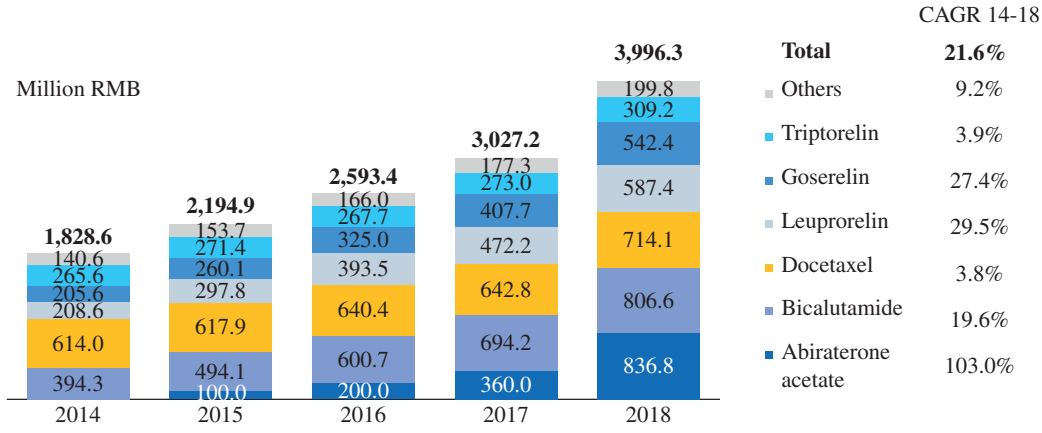


Source: Frost & Sullivan Report

Competitive Landscape in China's Prostate Cancer Drug Market

China's prostate cancer drug market is concentrated. The top six generic categories accounted for 95.0% of the RMB3,996.3 million in revenue generated in China's prostate cancer drug market in 2018. The following chart sets forth a breakdown of the size of China's prostate cancer drug market in terms of revenue by generic name segment from 2014 to 2018:

Breakdown of China Prostate Cancer Drug Market Size by Generic Name, 2014-2018



Source: Frost & Sullivan Report

Abiraterone is the largest generic drug segment and generated revenue of RMB836.8 million, or 20.9% of the total China prostate cancer drug market, in 2018. The revenue generated by Abiraterone as a percentage of total revenue generated in the prostate cancer drug market has increased significantly since 2015, when it was approved for use in China. Abiraterone is an androgen biosynthesis inhibitor and the growth in its use has resulted from high treatment demand from China prostate cancer patients and due to effective academic promotion of the drug. Abiraterone was also added to China's National Reimbursement Drug List in 2017.

The following table sets forth a comparison between Proxalutamide and other AR antagonist drug candidates currently in clinical trials and NDA approved drug for mCRPC in China:

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Proxalutamide (monotherapy)	Suzhou Kintor	Phase III	2 July 2018	A unique dual-acting mechanism that not only inhibits ARs, but also exhibits the biological effect of down-regulating AR expression
Proxalutamide (combination therapy with Abiraterone)	Suzhou Kintor	Phase III	20 December 2018	

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Enzalutamide	Pfizer/Astellas	NDA approved	18 November 2019	Blocks androgen binding to its receptor and prevents nuclear translocation of ligand-receptor complex and recruitment of coactivators
HC-1119	Haisco	Phase III	1 March 2019	A deuterated analog of Enzalutamide, which shares the same mechanism but differentiates with decreased metabolism and increased pharmacokinetic profile
SHR-3680 (combination therapy with Fluzaparib)	Hengrui	Phase II	4 April 2019	Competitively bind to AR in target tissues, which both prevents androgen-induced receptor activation and facilitates the formation of inactive complexes that cannot be translocated to the nucleus
SHR-3680 (monotherapy)	Hengrui	Phase I/II	2 February 2016	
Apalutamide	Johnson & Johnson	Phase I	5 June 2018	Directly binds to the ligand-binding domain of AR, inhibits AR nuclear translocation, inhibits DNA binding, and impedes AR-mediated transcription

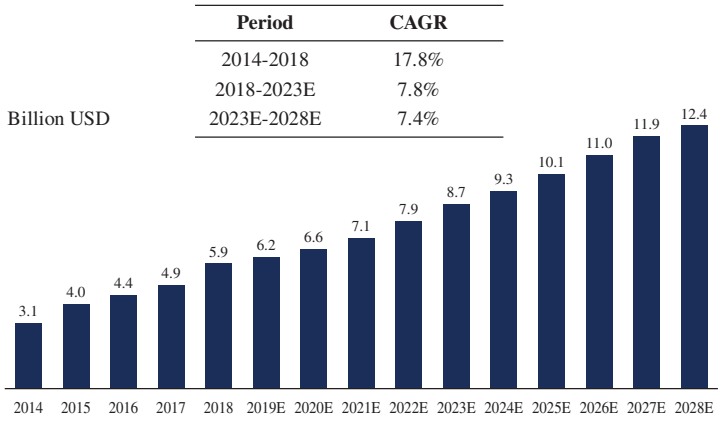
Source: Frost & Sullivan Report

Prostate Cancer Drug Market in the United States

Size and Growth of the U.S. Prostate Cancer Drug Market

The U.S. prostate cancer drug market is the largest market for prostate cancer drugs globally and accounted for 50.6% of the US$5.9 billion in revenue generated by the global prostate cancer market in 2018. The U.S. prostate cancer drug market grew at a CAGR of 17.8% from US$3.1 billion in 2014 to US$5.9 billion in 2018, and is expected to grow at a CAGR of 7.8% from 2018 to US$8.7 billion in 2023 and at a CAGR of 7.4% from 2023 to US$12.4 billion in 2028. The decrease in growth from 2023 to 2028 is expected to be primarily due to the patent expiration of Enzalutamide in 2027 in the U.S. and in 2026 in Europe and Japan.

Historical and Forecasted of the U.S. Prostate Cancer Drug Market Size, 2014-2028E



Source: Frost & Sullivan Report

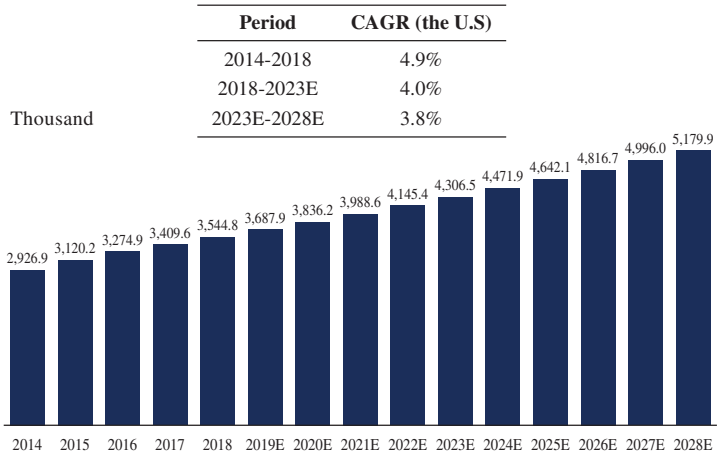
Number of Patients and Treatment Costs in the United States

There is a higher prevalence of prostate cancer in the United States compared to China, and the total number of prostate cancer patients in the United States grew at a CAGR of 4.9% from 2.9 million in 2014 to 3.5 million in 2018. The total number of prostate cancer patients in the United States is expected to grow at a CAGR of 4.0% from 2018 to 4.3 million in 2023 and at a CAGR of 3.8% from 2023 to 2028, reaching 5.2 million in 2028.

The total number of CRPC patients in the U.S. grew at a CAGR of 2.2% from 360.0 thousand to 393.5 thousand in 2018. This trend is expected to continue, with the number of CRPC patients in the U.S. expected to grow at a CAGR of 1.0% from 2018 to 413.4 thousand in 2023 and at a CAGR of 1.0% from 2023 to 435.1 thousand in 2028.

The annual cost per patient of Abiraterone and Enzalutamide in the United States was US$83,520 and US$97,112, respectively, in 2018.

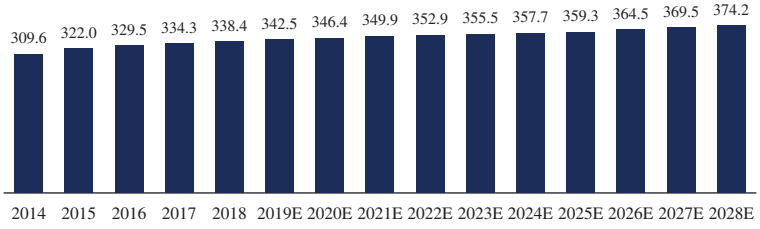
Total number of Prostate Cancer Patients in the U.S., 2014-2028E



Source: Frost & Sullivan Report

Total Number of mCRPC Patients in the U.S., 2014-2028E

Period	CAGR (the U.S.)
2014-2018	2.2%
2018-2023E	1.0%
2023E-2028E	1.0%



Source: Frost & Sullivan Report

Second-line Therapies in the United States

The number of patients receiving second-line therapies in the United States increased at a CAGR of 2.6% from 306.8 thousand in 2014 to 339.6 thousand in 2018. The growth in the number of prostate cancer patients receiving second-line therapies in the United States is expected to decrease to a CAGR of 1.3% from 2018 to 2023 and a CAGR of 1.2% from 2023 to 2028, reaching 383.8 thousand in 2028. This decrease is expected to primarily result from the decreasing number of patients who are diagnosed with advanced stage prostate cancer as a result of early stage screening and the development of treatments that are effective in the early stages of prostate cancer.

Market Trends and Key Growth Drivers of the Prostate Cancer Drug Market in the United States and China

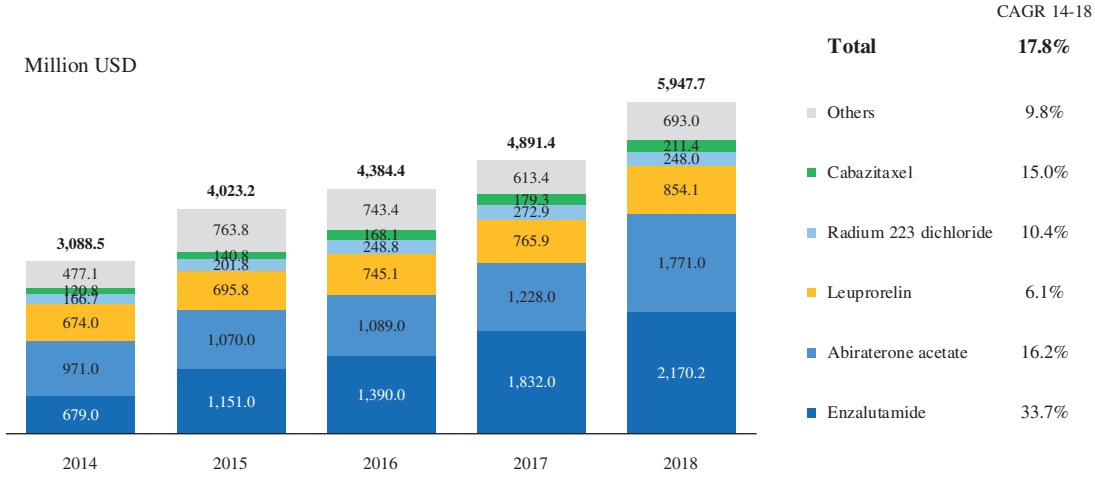
According to the Frost & Sullivan Report, growth of the prostate cancer drug market in China and United States can be categorised into several shared factors by both countries: (i) increasing patient pool of prostate cancer in the future due to ageing population, improvement on prostate cancer detection, and other factors such as change of life style leading to irregular sleep and unhealthy diet; (ii) unmet medical needs for prostate cancer due to lack of effective and safe medicines. In both countries, especially for China, the options for medication of prostate cancer is circumscribed with few drugs commercially available and common therapies can usually only postpone disease progression by months; (iii) Advancement of medication. More innovative drugs with new mechanisms of action are undergoing R&D phase or clinical trials in both countries, leading to the development of therapies applicable to CRPC patients, such as small-molecule targeted drugs and immunotherapies. On the other hand, for China, the imported drugs remain expensive for a significant portion of patients, which could encourage domestic companies to put more effort in developing new drugs. Aside from these shared factors, the growth of Chinese prostate cancer drug market is also characterised by the reform of medical insurance reimbursement system. The inclusion of anti-prostate cancer drug in the medical insurance reimbursement list is expected to elevate sales revenue of prostate cancer drug and benefit anti-cancer drug developers in China. Moreover, penetration rate of drugs for the treatment of prostate cancer in the U.S. is higher than that in China, mainly due to the higher healthcare affordability and the first to launch in the market for most innovative drugs.

Competitive Landscape in the U.S. Prostate Cancer Drug Market

Similar to the global prostate cancer market, in the United States, Enzalutamide, Abiraterone acetate and Leuprorelin were the top three prostate cancer drugs by revenue in 2018 and accounted for 80.6% of the total U.S. market in terms of revenue. In terms of revenue growth over the past five years, Enzalutamide and Abiraterone acetate outperformed other drugs with a CAGR of 33.7% and 16.2%, respectively, from 2014 to 2018.

The following table sets forth a breakdown of the size of the U.S. prostate cancer drug market in terms of revenue by generic name segment from 2014 to 2018:

Breakdown of the U.S. Prostate Cancer Drug Market Size by Generic Name, 2014-2018



Source: Frost & Sullivan Report

The following table sets forth a comparison between Proxalutamide and other AR antagonist drug candidates currently in clinical trials and NDA approved drug for mCRPC in the U.S.:

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Proxalutamide	Suzhou Kintor	Phase II	2 April 2019	A unique dual-acting mechanism that not only inhibits ARs, but also exhibits the biological effect of down-regulating AR expression
Enzalutamide	Pfizer/Astellas	NDA approved	31 August 2012	Blocks androgen binding to its receptor and prevents nuclear translocation of ligand-receptor complex and recruitment of coactivators

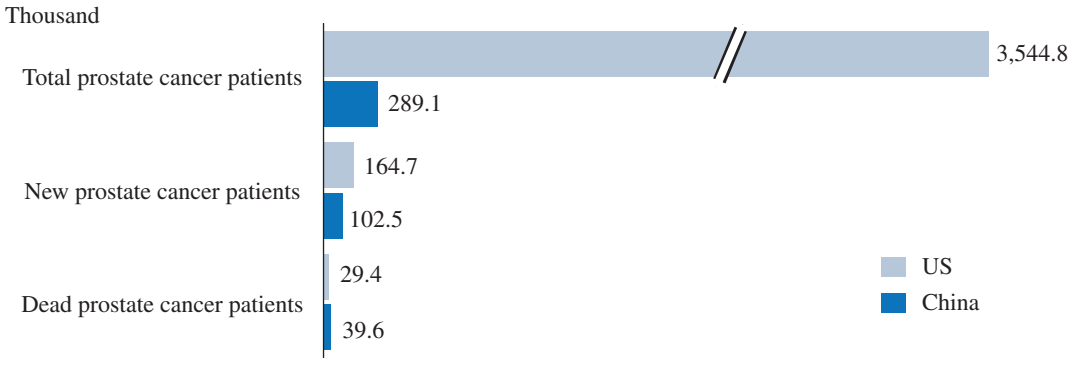
Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Apalutamide + Abiraterone and Prednisone	Aragon/Johnson & Johnson	Phase III	6 October 2014	Directly binds to the ligand-binding domain of AR, inhibits AR nuclear translocation, inhibits DNA binding, and impedes AR-mediated transcription
Darolutamide	Bayer/Orion	Phase I/II	17 March 2011	Competitively inhibits androgen binding, AR nuclear translocation, and AR-mediated transcription
TRC253	Tracon/Johnson & Johnson	Phase I/IIa	9 December 2016	TRC253 is a pan-inhibitor of multiple AR mutations, including the F876L mutation, which results in an alteration in the ligand binding domain that confers resistance to current AR inhibitors
TAS3681	Taiho	Phase I	2 October 2015	TAS3681 suppresses ligand independent AR activation, caused by induction of AR splice variants or c-Myc expression, to overcome the drug-resistant issue of current AR antagonists
ONC1-0013B	Avionco	Phase I	8 March 2017	ONC1-0013B inhibits DHT-stimulated PSA expression and proliferation of prostate cancer cells, and prevents binding of androgens to the AR ligand-binding domain, androgen-stimulated AR nuclear translocation and coactivator complex formation

Source: Frost & Sullivan Report

Comparison of Prostate Cancer Market by Region

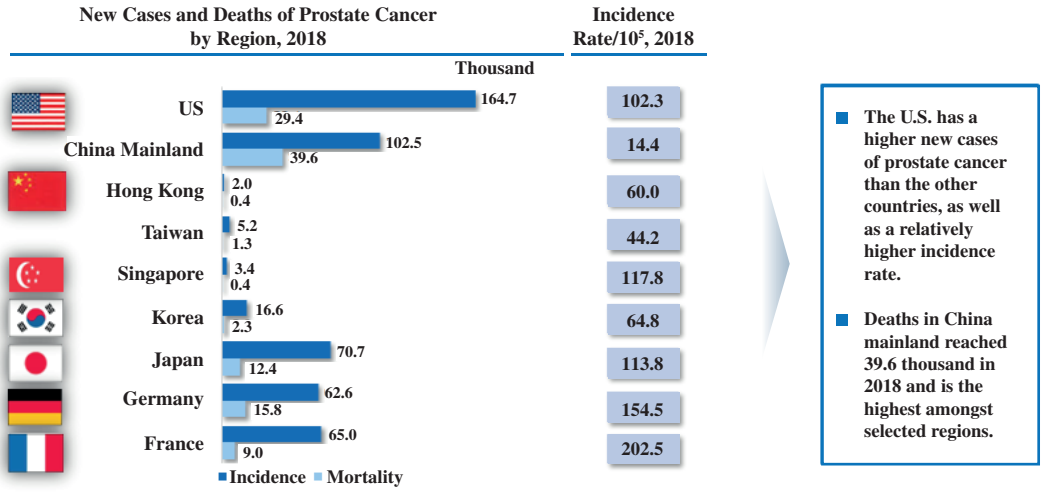
The United States has a higher number of total patients and new cases, as well as lower deaths, as compared to China. Risk factors such as genetic predisposition, diet, lifestyle or environment are associated with the epidemiologic differences. As the majority of prostate cancer cases are diagnosed between the age of 50 and 79, the growth of ageing population has a major influence on the increase of new cases. In addition, China has experienced a shift from traditional high fibre and carbohydrate diets based on vegetables to a westernised diet that centres around red or processed meat with high total and saturated fat content. This change in diet has also caused the increase of new cases in China. The treatment rate in China was 92.0% in 2018, as compared to treatment rate of 95.9% in the United States for the same year. The treatment rate in China is expected to increase to 97.0% in 2023 and further to 98.0% in 2028, while the treatment rate in the United States is expected to increase to 97.3% in 2023 and further to 98.0% in 2028.

Epidemiologic Comparison of Prostate Cancer in China and the U.S., 2018



Source: Frost & Sullivan Report

In the United States, the number of new cases of prostate cancer is higher and the number of deaths are relatively lower as compared to Asian countries, mainly because new prostate cancer drugs are typically marketed first in the United States from which patients can benefit. For Asian countries, the number of new cases in China and Japan was 102.5 thousand and 70.7 thousand, respectively, while the number of deaths in China is approximately three times of that in Japan. It is expected that more patients in China will benefit from the approval and launch of new prostate cancer drugs in the future and the growth rate of deaths will decrease in China.



Source: Frost & Sullivan Report

BREAST CANCER

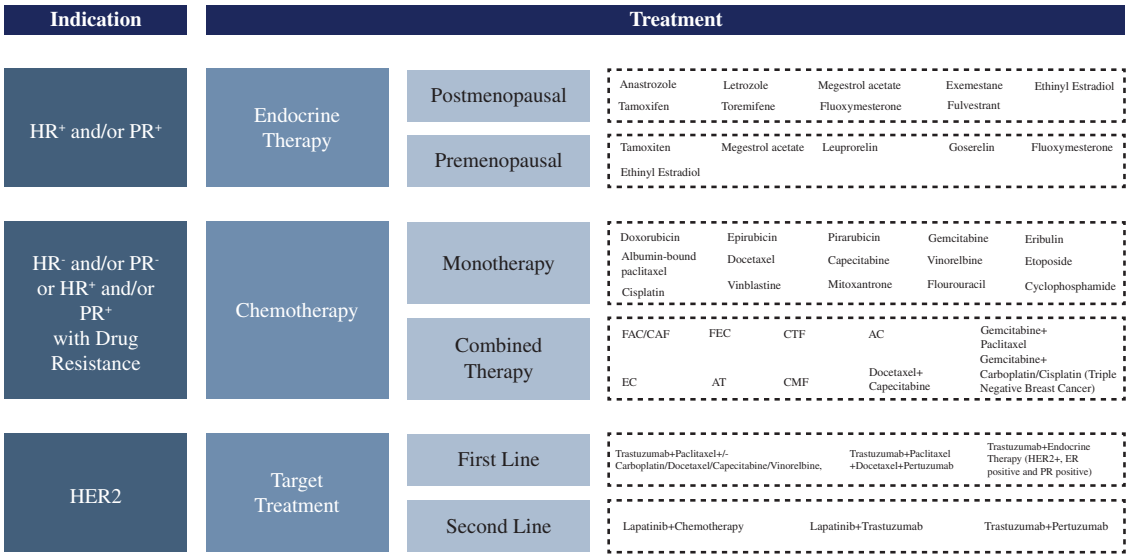
Overview of Breast Cancer

Breast cancer is the most common type of cancer in women globally in 2018 and occurs most frequently in women aged 50 and over. Breast cancer develops in breast tissue and may present itself as a lump in the breast, a change in breast shape, a dimpling of the skin, fluid coming from the nipple, a newly inverted nipple or a red or scaly patch of skin. Factors that may increase the risk of developing breast cancer include: genetic predisposition (BRCA1 or BRCA2 mutations), oestrogen and progesterone exposure, oral contraceptives or birth control drugs, atypical hyperplasia of the breast, lobular carcinoma *in situ*, lifestyle factors (such as weight, food, alcohol or physical activity), breast density (dense breast tissue) and family history of breast cancer.

Metastatic Breast Cancer and its Treatment

Metastatic breast cancer, namely advanced breast cancer, is classified as stage 4 breast cancer. It develops when breast cancer cells break away from the primary tumour and enter into the bloodstream or lymphatic system. Based on immunohistochemistry, there are four types of metastatic breast cancers. The first type is oestrogen receptor and/or progesterone receptor positive, and HER2+. The second type is oestrogen receptor and/or progesterone receptor positive, and HER2-. The third type is oestrogen receptor and progesterone receptor negative, and HER2+. The fourth type is oestrogen receptor and progesterone receptor negative, and HER2-.

The following chart sets forth the treatment of metastatic breast cancer based on specific indications:



Notes: FAC/CAF = Cyclophosphamide + Doxorubicin + Fluorouracil, FEC = Fluorouracil + Epirubicin + Cyclophosphamide, CTF = Cyclophosphamide + Pirarubicin + Fluorouracil, AC = Doxorubicin + Cyclophosphamide, EC = Epirubicin + Cyclophosphamide, AT = Doxorubicin + Docetaxel/Paclitaxel, CMF = methotrexate + Fluorouracil

Source: Frost & Sullivan Report

AR+ Breast Cancer

The following chart sets forth the AR expression rate in different classification of breast cancer and their treatment regimen:

Classification	AR Expression Percentage	Treatment Regimen
Luminal A (ER+ and/or PR+, HER2-, histologic grade 1 or 2)	91.0%	Treated with hormones
Luminal B (ER+ and/or PR+ and HER2+, or ER+ and/or PR- and HER2-, histologic grade 3)	67.5%	Treated with hormones +/- anti-HER2
HER2 (ER-, PR-, HER2+)	58.7%	Treated with anti-HER2
Basal-like (ER-, PR-, HER2-, CK5/6+ and/or EGFR+)	31.7%	Treated with cytotoxic agents
Unclassified (Lacked expression of all five markers)	46.1%	Treated with cytotoxic agents

Source: Frost & Sullivan Report

The total number of AR+ breast cancer patients in China grew at a CAGR of 22.0% from 611.9 thousand in 2014 to 1,356.0 thousand in 2018. This trend is expected to continue, with the number of AR+ breast cancer patients in China expected to grow at a CAGR of 11.6% from 2018 to 2,348.4 thousand in 2023 and at a CAGR of 7.7% from 2023 to 3,406.3 thousand in 2028.

In the U.S., the total number of AR+ breast cancer patients grew at a CAGR of 5.9% from 2,497.4 thousand in 2014 to 3,143.7 thousand in 2018. This trend is expected to continue, with the number of AR+ breast cancer patients in the U.S. expected to grow at a CAGR of 5.2% from 2018 to 4,048.8 thousand in 2023 and at a CAGR of 4.4% from 2023 to 5,017.4 thousand in 2028.

Treatment Cost

The following table sets forth the estimated annual average cost per patient for the treatment of metastatic breast cancer and TNBC in China and the United States using different treatment methods, respectively:

Indication	**Treatment Method**	**Estimated Annual Average Cost Per Patient in China** *(RMB)*	**Estimated Annual Average Cost Per Patient in the United States** *(US$)*
Metastatic Breast Cancer	Trastuzumab[(1)]	130,000[(1)]	90,000
	Chemotherapy[(2)]	10,000~40,000	20,000~50,000
TNBC	Chemotherapy[(3)]	15,000~50,000	12,000~40,000

Notes:

(1) Trastuzumab is main treatment for HER2+ breast cancer, and cost in China is based on the price covered by National Drug Reimbursement List.

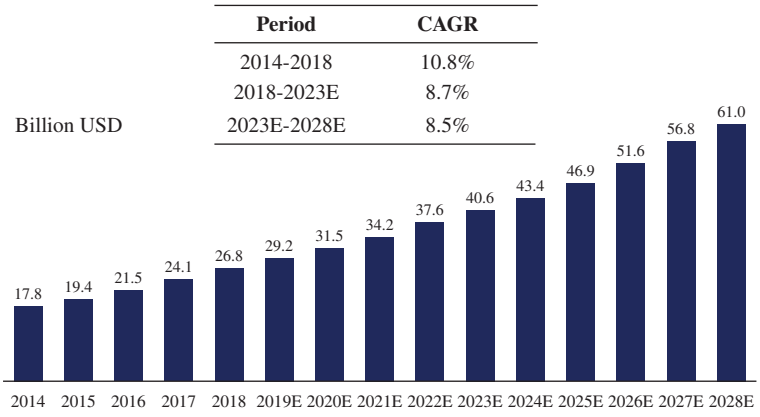
(2) Chemotherapy is a treatment choice for patients who have failed with trastuzumab.

(3) There is no specific treatment guidelines for TNBC, and chemotherapy remains the mainstream option, with low tolerance and compliance rate among patients.

Breast Cancer Drug Market Globally

The following chart sets forth the historical and forecasted breast cancer drug market globally from 2014 to 2028:

Historical and Forecasted of Global Breast Cancer Drug Market Size, 2014-2028E

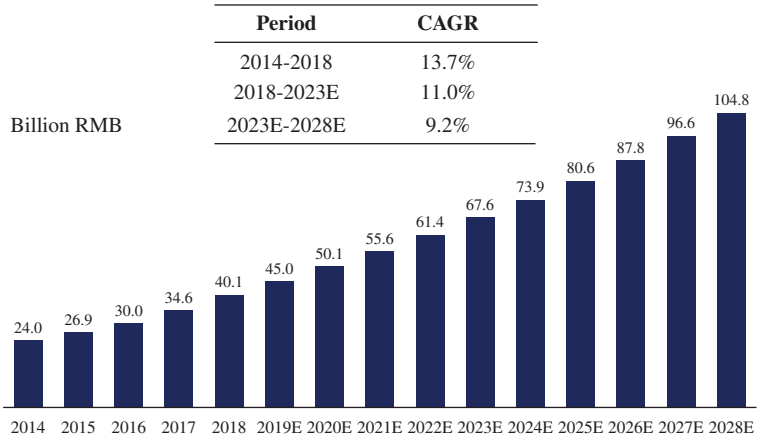


Source: Frost & Sullivan Report

Breast Cancer Drug Market in China

The breast cancer drug market in China is one of the largest by revenue compared to the other cancer drug markets globally. The following chart sets forth the historical and forecasted breast cancer drug market in China from 2014 to 2028:

Historical and Forecasted of China Breast Cancer Drug Market Size, 2014-2028E

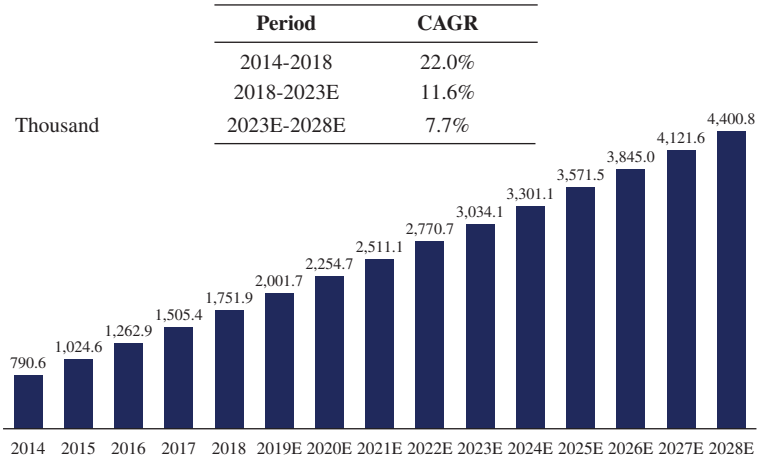


Source: Frost & Sullivan Report

The recent inclusion of additional cancer drugs, such as Herceptin®, in the National Reimbursement Drug List as well as the removal of imported cancer drug tariffs are expected to accelerate the growth of breast cancer drug market in China.

The following chart sets forth the historical and forecasted total number of breast cancer patients in China from 2014 to 2028:

Total Number of Breast Cancer Patients in China, 2014-2028E

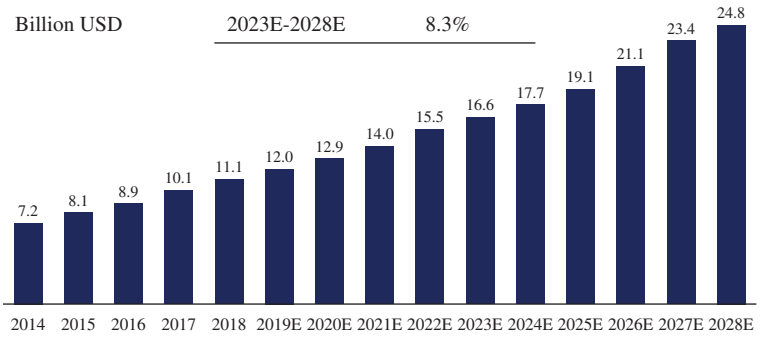


Source: Frost & Sullivan Report

Breast Cancer Drug Market in the United States

The U.S. breast cancer drug market is the largest market for breast cancer drugs globally and accounted for 41.4% of the global breast cancer market in 2018. The following chart sets forth the historical and forecasted breast cancer drug market in the United States from 2014 to 2028:

Historical and Forecasted of the U.S. Breast Cancer Drug Market Size, 2014-2028E

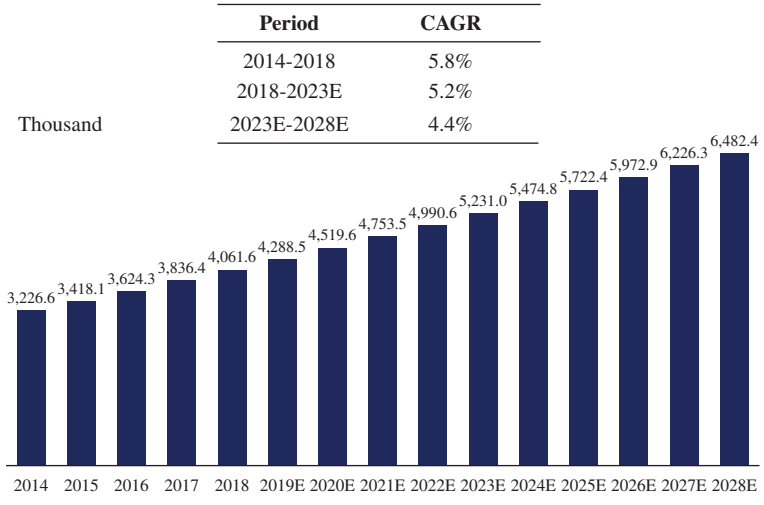


Source: Frost & Sullivan Report

Consistent with the global market for breast cancer drugs, the utilisation of cutting-edge therapies with high annual costs are expected to drive up the total revenue in breast cancer drug market in the United States.

The following chart sets forth the historical and forecasted total number of breast cancer patients in the United States from 2014 to 2028:

Total Number of Breast Cancer Patients in the U.S., 2014-2028E



Source: Frost & Sullivan Report

Based on published research, TNBC patients account for approximately 20% of all breast cancer patients. The number of TNBC patients receiving first/second line treatment in the United States increased at a CAGR of 1.1% from 81.6 thousand in 2014 to 85.3 thousand in 2018, and is expected to increase at a CAGR of 1.0% from 2018 to 89.7 thousand in 2023 and then at a CAGR of 0.9% from 2023 to 93.5 thousand in 2028.

Market Trends and Key Growth Drivers of the Breast Cancer Drug Market in the United States and China

According to the Frost & Sullivan Report, the growth of the breast cancer drug market in the United States and China is driven by the following key factors: (i) increasing patient pool. Factors such as deteriorating environmental conditions, unhealthy lifestyles and higher levels of stress for woman has meant that the risk of women developing breast cancer is increasing. The incidence of breast cancer reached 2.1 million patients globally in 2018 and is expected to increase to 2.5 million patients in 2028; (ii) rising demand for breast cancer therapies. Increased access to breast cancer screening and the use of improved technology in the screening, diagnosis and treatment of breast cancer is expected to boost demand for breast cancer therapies. The United States held a sizeable share of the global breast cancer therapeutics market in 2018 and is predicted to continue to grow substantially. It is expected that strong economic growth and rising disposable incomes will result in even more growth potential for the breast cancer drug market in China; (iii) advancements in R&D. Higher investments in R&D, advancements in cancer mechanisms and pharmacology have all driven breast cancer therapy development. The R&D of specific molecular targets that are associated with breast cancer, such as the HER2 target, have resulted in innovative therapies that have significant growth potential; and (iv) medical insurance reimbursement. The size of the breast cancer therapeutics market in the United States is due in part to supportive insurance schemes. In China, favourable policies for the breast cancer therapies have been introduced with reforms of the Chinese medical insurance system. For example, Trastuzumab, which is developed by Roche and is used to treat breast cancer, was added to the National Reimbursement Drug List in 2017.

ANDROGENETIC ALOPECIA

Overview of Androgenetic Alopecia

Androgenetic alopecia is a common form of scalp hair loss that affects both men and women. It is characterised by progressive hair loss, usually in a patterned distribution. The onset of androgenetic alopecia may commence at any age after puberty and the frequency of its occurrence increases with age. The incidence rate for androgenetic alopecia is much higher in Caucasian men than men of Asian or African heritage. Risk factors of developing androgenetic alopecia include excessive smoking, family history, malnutrition, stress and ageing. Hair loss may affect self-esteem, personal attractiveness and may lead to depression and other negative effects in life. With people now paying more attention to their appearance, treatment rates of androgenetic alopecia have gradually improved.

Current Treatments of Androgenetic Alopecia

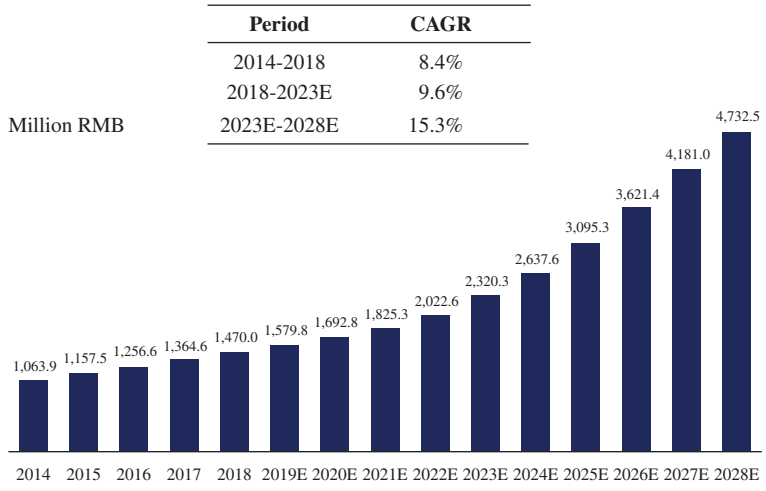
According to the Frost & Sullivan Report, apart from hair follicles transplantation, Minoxidil and Finasteride are two commonly recommended options for Androgenetic Alopecia. Minoxidil is the most commonly used treatment, and the percentage of patients that received treatment with Minoxidil in 2018 in the United States and China is estimated to be 75% and 70%, respectively, and the percentage of patients that received treatment with Finasteride in 2018 in the United States and China is estimated to be 25% and 30%,

respectively. Adverse events arising from Minoxidil include allergy to propylene glycol and orthostatic hypotension if taken along with peripheral vasodilators. Patients using Finasteride may experience sexual adverse effects such as decreased libido, erectile dysfunction and ejaculation disorder, of which incidence rates were 1.8%, 1.3% and 1.2% in clinical trials respectively, leading to a discontinuance of treatment rate of 1.2%. As current therapies produce adverse effects such as impotence, new therapies under development without the adverse effects are expected to create new opportunities in the future.

Androgenetic Alopecia Market in China

In 2018, the market size of drugs for androgenetic alopecia in China was RMB1,470.0 million. The market size of drugs for androgenetic alopecia in China is expected to increase at a CAGR of 9.6% from 2018 to RMB2,320.3 million in 2023 and then at a CAGR of 15.3% from 2023 to RMB4,732.5 million in 2028. The following chart sets forth the historical and forecasted androgenetic alopecia drug market in China from 2014 to 2028:

Market Size of Drugs for Androgenetic Alopecia in China, 2014-2028E



Note: The historical market size only includes the two drugs that have been approved by NMPA for the treatment of androgenetic alopecia (Minoxidil and Finasteride), and projected market size includes drugs that are currently undergoing clinical trials and are expected to be approved. Traditional Chinese medicine is excluded.

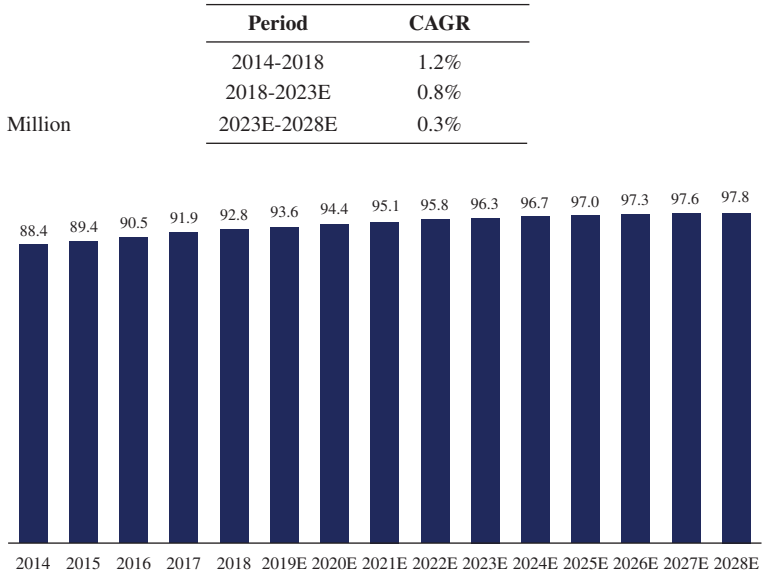
Source: Frost & Sullivan Report

The annual cost per patient of Minoxidil and Finasteride in China was USD199 and USD314, respectively, in 2018.

Number of patients in China

In 2018, over 92.8 million males had androgenetic alopecia to different degrees in China. The total number of androgenetic alopecia patients is expected to increase at a CAGR of 0.8% from 2018 to 96.3 million in 2023 and then at a CAGR of 0.3% from 2023 to 97.8 million in 2028. The following chart sets forth the historical and forecasted total number of androgenetic alopecia patients in China from 2014 to 2028:

Total Patient Number of Androgenetic Alopecia in China Male Population 2014-2028E

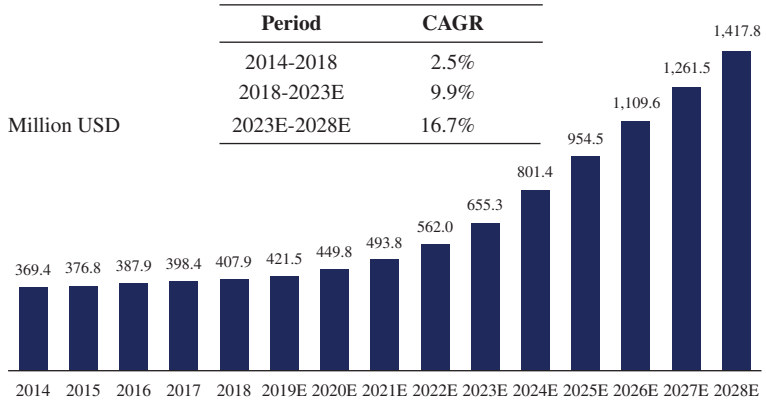


Source: Frost & Sullivan Report

Androgenetic Alopecia Market in the United States

In 2018, the market size of drugs for androgenetic alopecia in the United States was US$407.9 million. The market size of drugs for androgenetic alopecia in the United States is expected to increase at a CAGR of 9.9% from 2018 to US$655.3 million in 2023 and then at a CAGR of 16.7% from 2023 to US$1,417.8 million in 2028. The following chart sets forth the historical and forecasted androgenetic alopecia drug market in the United States from 2014 to 2028:

Market Size of Drugs Approved for Androgenetic Alopecia in U.S., 2014-2028E



Note: The historical market size only includes the two drugs that have been approved by the U.S. FDA for the treatment of androgenetic alopecia (Minoxidil and Finasteride). The projected market size includes drugs that are currently undergoing clinical trials and are expected to be approved.

Source: Frost & Sullivan Report

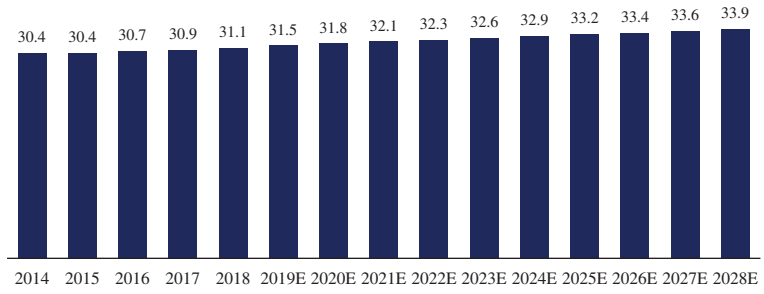
The annual cost per patient of Minoxidil and Finasteride in the U.S. was USD282 and USD1,183, respectively, in 2018.

Number of Patients in the United States

The total number of males aged from 30 to 70 in the United States with androgenetic alopecia was 31.1 million in 2018. This is expected to increase at a CAGR of 1.0% from 2018 to 32.6 million in 2023 and then at a CAGR of 0.7% from 2023 to 33.9 million in 2028. The following chart sets forth the historical and forecasted total number of androgenetic alopecia patients in the United States from 2014 to 2028:

Number of Total Patients of Androgenetic Alopecia in U.S. 2014-2028E

Period	CAGR
2014-2018	0.5%
2018-2023E	1.0%
2023E-2028E	0.7%



Source: Frost & Sullivan Report

Market Trends and Key Growth Drivers of the Androgenetic Alopecia Drug Market Globally

According to the Frost & Sullivan Report, the growth of the androgenetic alopecia drug market globally is driven by the following factors: (i) with the change of lifestyle, the issue of hair loss, especially for male population, is becoming drastically severer than before and the population of androgenetic alopecia patients is expanding; and (ii) inclining trend of awareness of individual appearance. The number of pipeline drugs for androgenetic alopecia is also limited, while the demand for effective treatment is increasing with the expansion of the patient pool.

Competitive Landscape of Androgenetic Alopecia Drugs

According to the Frost & Sullivan Report, KX-826 is a potential first-in-class drug that we are developing for the treatment of androgenetic alopecia. KX-826 is a novel investigational AR antagonist designed to address the shortcomings of Minoxidil and Finasteride. It is being developed for topical application to locally block the androgen mediated

signalling by competing with binding of androgen to AR in the targeted tissues instead of reducing androgen level systemically, which is the mechanism of Finasteride. Therefore, as KX-826 is administered locally with low systematic drug exposure, it does not affect the androgen level in human bodies and eliminates the side effect of impotence.

As of the Latest Practicable Date, KX-826 was the only drug candidate in clinical trials in China for androgenetic alopecia, which entered phase II clinical trials. The following table sets forth other potential competing drugs currently in clinical trials for androgenetic alopecia globally:

Generic Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
SM04554	Samumed LLC	Phase III	15 November 2018	WNT pathway activator
Dutasteride	GlaxoSmithKline	Phase III	4 October 2012	Selective inhibitor of both reproductive tissues (type 2) and skin and hepatic (type 1) 5α-reductase
CB-03-01	Intrepid Therapeutics/ Cassiopea	Phase II	31 October 2014	Selective androgen antagonist
Bimatoprost	Allergan	Phase II	9 December 2015	Synthetic structural analogs of prostaglandin
FOL-005	Follicum AB/ Bioskin GmbH	Phase II	16 March 2018	Synthesised polypeptide
Setipiprant	Allergan	Phase II	5 April 2019	Antagonist of the prostaglandin D2 receptor 2

Source: Frost & Sullivan Report

ACNE VULGARIS

Acne vulgaris is a chronic inflammatory dermatosis notable for open or closed comedones and inflammatory lesions, such as papules, pustules, or nodules. Acne vulgaris is a common disease in particular in adolescents and young adults. It can cause significant physical and psychological morbidity, such as permanent scarring, poor self-image, depression and anxiety. Treatments include use of hormonal agents (anti-androgen treatments), topical therapies, systemic antibiotics and isotretinoin.

Androgen plays an important role in pathogenesis of acne vulgaris. Follicular keratinocytes and sebocytes are target cells for androgens. Androgens control cellular functions by binding to androgen receptors, which directly or indirectly, stimulate keratinocyte proliferation and the volume of sebaceous glands as well as the sebum secretion rate. As a result, anti-androgen treatments can target the androgen-metabolising cells of the pilosebaceous unit and lead to sebostasis, which reduces the sebum secretion rate.

In 2018, over 118.9 million patients aged from 10 to 25 had acne vulgaris in China. The total number of acne vulgaris patients is expected to increase at a CAGR of 0.4% from 2018 to 121.3 million in 2023 and then at a CAGR of 0.2% from 2023 to 122.5 million in 2028.

The total number of patients aged from 10 to 25 in the United States with acne vulgaris was 31.3 million in 2018. This is expected to increase at a CAGR of 0.8% from 2018 to 32.5 million in 2023 and then at a CAGR of 0.7% from 2023 to 33.7 million by 2028.

LIVER CANCER

Overview of Liver Cancer

The main responsibility of the liver is to filter harmful substances from the blood, produce bile that helps in the digestion of fats and store sugar that the body uses for energy. Chemotherapy dominates the global liver cancer drug market, accounting for more than 50.0% of the market value in 2018.

Liver cancer can be classified into primary liver cancer and metastatic liver cancer by the origins of tumour cells responsible for the cancer. Primary liver cancer, which starts from the tissues of the liver, is more common in East Asia. Liver cancer is the fourth most frequent cancer and the second leading cause of death from cancer in China in 2018, with the most common type of liver cancer being HCC. There are multiple risk factors that cause primary liver cancer, including hepatitis B virus and hepatitis C virus infections, cirrhosis, alcohol, aflatoxins and tobacco.

Liver Cancer Drug Market Overview

China

As of 2018, China had the largest number of liver cancer patients in the world. The total number of liver cancer patients in China reached 561.7 thousand in 2018, and is expected to increase at a CAGR of 8.3% from 2018 to 838.0 thousand in 2023 and then at a CAGR of 7.1% from 2023 to 1.2 million in 2028. Due to a large number of patients in China who are infected by the hepatitis B virus and the hepatitis C virus, new cases of liver cancer are expected to increase over the next decade. Moreover, with the development of new therapies that are expected to be approved in the future, such as Regorafenib, deaths are expected to decrease, which would lead to the further growth in the number of total patients. In 2018, the liver cancer drug market in China amounted to RMB4.6 billion and grew at a CAGR of 17.1% from 2014 to 2018. The market is expected to grow at a CAGR of 28.1% from 2018 to RMB15.9 billion in 2023 and at a CAGR of 12.7% from 2023 to RMB28.9 billion in 2028.

United States

In the United States, the total number of liver cancer patients increased at a CAGR of 15.4% from 60.9 thousand in 2014 to 107.9 thousand in 2018. The number of liver cancer patients is expected to grow at a CAGR of 8.7% from 2018 to 163.5 thousand in 2023 and then at a CAGR of 6.8% from 2023 to 227.6 thousand in 2028. The liver cancer drug market in the United States was US$0.9 billion in 2018 and it is expected to grow at a CAGR of 24.8% from 2018 to US$2.8 billion in 2023 and then at a CAGR of 10.8% from 2023 to US$4.6 billion in 2028.

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the global innovative drugs market. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and provides services including market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. Frost & Sullivan has conducted primary research which involved discussing the status of the industry with leading industry participants and industry experts. Frost & Sullivan has also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the projected total market size from historical data analysis plotted against macroeconomic data as well as specific related industry drivers. In preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the assumptions that the macro environments, including social, economic and political environments of the PRC and major countries worldwide will remain stable during the forecast period.

The contract sum to Frost & Sullivan is RMB950,000 for the preparation of the Frost & Sullivan Report. After making reasonable enquiries, we confirm that there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATIONS RELATING TO THE PRC

Our main business is focused on developing innovative drugs for cancers and other AR-related diseases. This section summarises the principal PRC laws, regulations and rules that are material to our operations.

Regulatory Authorities of Medical Industry

Most of our business is located in the PRC and a significant part of our sales is expected to be derived from the PRC if we are successful in the commercialisation of our drug candidates. Accordingly, we run our business through our PRC subsidiaries under the PRC's legal regime, which consists of the National People's Congress of the PRC (中華人民共和國全國人民代表大會, the "**NPC**"), the Standing Committee of the National People's Congress (全國人民代表大會常務委員會, the "**SCNPC**"), the State Council of the PRC (中華人民共和國國務院, the "**State Council**") and the subordinate departments thereof. In the PRC, the National Medical Products Administration (國家藥品監督管理局, the "**NMPA**"), a department under the State Administration for Market Regulation (國家市場監督管理總局), the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會, the "**NHC**") and the National Healthcare Security Administration (國家醫療保障局, the "**NHSA**") are the three governmental agencies which mainly administer the drug industry.

The NMPA, which inherits the drug supervision function from its predecessor the CFDA, is responsible for the safety supervision, setting standards, registration management, the quality control of medicines and other main stages of the life-cycle of pharmaceutical products.

The NHC is the predecessor of the National Health and Family Planning Commission of the PRC (中華人民共和國衛生和計劃生育委員會), which is responsible for organising the formulation of national health policies, coordinating efforts to deepen reform of the healthcare systems and the supervision of public health.

The NHSA is in charge of the regulations, policies, plans and standards for medical security systems, the supervision and management of medical security funds, the formulation of unified medical insurance catalogue and payment standards for drugs and so on.

Laws and Regulations in relation to Healthcare Industry

Reform of Medical and Healthcare System

According to the Opinions of the State Council on Deepening the Reform of the Medical and Healthcare System (《中共中央國務院關於深化醫藥衛生體制改革的意見》), the reform of the medical and healthcare system has been orderly conducted. The medical insurance system has been gradually improved and the basic medical mechanism has been consolidated and improved.

Pursuant to the Notice of the Key Task of Deepening the Reform of Medical and Healthcare System in 2019 (《關於印發深化醫藥衛生體制改革2019年重點工作任務的通知》), issued by the General Office of the State Council (國務院辦公廳) on 23 May 2019, accelerating and approving the registration of anticancer drugs, strengthening the work of cancer prevention, and unblocking the temporary import channels will continue to be the focus of the reform of the medical and healthcare system.

Drug Administration Law

Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**") was promulgated by the SCNPC on 20 September 1984 and subsequently amended on 28 February 2001, 28 December 2013 and 24 April 2015 and 26 August 2019 (which became effective on 1 December 2019), respectively. In order to implement the Drug Administration Law, the State Council promulgated the Implementing Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) (the "**Implementing Regulations**") on 4 August 2002 and amended it on 6 February 2016 and 2 March 2019, respectively.

According to the Drug Administration Law, the PRC encourages the R&D of new drugs, and protects the legal rights and interests of citizens, legal persons and other organisations in the R&D of new drugs. No pharmaceutical products may be produced in PRC without a Drug Manufacturing Certificate licence. Where a new drug has been researched and developed, a report must be submitted, together with samples, giving details of the method of research and development, quality norms, results of pharmacological and toxicological tests and other relevant data. A clinical test can be carried out after approval is obtained from the drug control and administrative department of the State Council.

On 26 August 2019, the State Council amended the Drug Administration Law and promulgated the latest draft, namely, the Drug Administration Law (2019 Revision), which became effective on 1 December 2019. Compared with the Drug Administration Law (2015 Version), the 2019 Revision regulates that the Marketing Authorisation Holders shall be liable for non-clinical study, clinical trial, manufacturing and business operation, post-market launch study, monitoring, reporting and handling of adverse reactions of the pharmaceuticals. It also further stipulates the pharmaceutical research, development and registration.

Prioritised Clinical Trial and Registration of Certain Drugs

On 11 November 2015, the NMPA issued the Circular Concerning Several Policies on Drug Registration Review and Approval (《關於藥品註冊審評審批若干政策的公告》) in order to further clarify the following policies, potentially simplifying and accelerating the approval process of clinical trials:

(i) a one-time umbrella approval procedure allowing the overall approval of all phases of a new drug's clinical trials, replacing the current phase-by-phase application and approval procedure, will be adopted for new drugs' clinical trial applications; and

(ii) a fast track drug registration or clinical trial approval pathway for the following applications: (1) registration of innovative new drugs treating HIV, cancer, serious infectious diseases and orphan diseases; (7) concurrent applications for new drug clinical trials which are already approved in the United States or European Union or concurrent drug registration applications for drugs which have applied to the competent drug approval authorities for marketing authorisation and passed such authorities' onsite inspections in the United States or European Union and are manufactured using the same production line in the PRC.

On 8 October 2017, General Office of the CPC Central Committee and General Office of the State-Council promulgated the Opinions on Deepen Reform of the Review and Approval System and Encouraging the Drug and Medical Device Innovation (《中共中央辦公廳、國務院辦公廳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》) to make suggestions on

clinical trial management, review and approval, innovation of drug and development of generic drug, management of the life circle of drug and medical device, enhancement of technical support capacity and improvement of organisation and implementation.

On 21 December 2017, the NMPA promulgated the Opinions on Encouraging the Prioritised 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》) to further clarify that a fast track clinical trial approval or drug registration pathway will be available to innovative drugs.

In addition, on 17 May 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimising Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the drug approval process.

On 23 October 2018, the NMPA and NHC jointly issued the Notice on Relevant Matters on the Review and Approval of Overseas New Drugs with Urgent Clinical Needs (《關於臨床急需境外新藥審評審批相關事宜的公告》) to establish special channels to review and approve overseas new drugs that are urgently needed in clinical practice. The CDE has published the list of first batch of forty drugs entitled to the special approval system on 1 November 2018, and the list of second batch of twenty-six drugs on 29 May 2019.

Drug Clinical Trial

Drug Clinical Trial Registration

Pursuant to the Provisions for Drug Registration (《藥品註冊管理辦法》) (the "**Circular 28**"), promulgated by the NMPA on 10 July 2007 and became effective on 1 October 2007, upon obtaining the approval of the Clinical Trial Application (the "**CTA**") and before conducting new drug clinical trials, the applicant must obtain the approval from the NMPA. On 6 September 2013, the Announcement of the NMPA on Drug Clinical Trial Information Platform (《國家食品藥品監督管理總局關於藥物臨床試驗信息平台的公告》) providing that, instead of the aforementioned registration filed with the NMPA, all clinical trials approved by the NMPA and conducted in the PRC shall complete clinical trial registration and publish trial information through the Drug Clinical Trial Information Platform. On 22 July 2016 and 23 October 2017, respectively, the NMPA released the revised Administrative Measures for Drug Registration (Draft for Comments) (《藥品註冊管理辦法(修訂稿)》) to seek comments from the public.

According to the Design on Adjusting the Approval Procedures of the Administrative Approval Matters for Certain Drugs (《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, which took effect on 1 May 2017, the authority of the drug clinical trial approval decision is adjusted to the CDE in the name of the NMPA. The NMPA promulgated the Announcement 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》) on 24 July 2018, according to which, if the applicant does not receive any negative or questioning opinions from the CDE within 60 days after the application is accepted and the fees are paid, the applicant can carry out the clinical trials in accordance with the submitted trial protocol.

GCP

The NMPA issued Good Clinical Practice of Pharmaceutical Products (《藥物臨床試驗質量管理規範》) (the "**GCP**") in August 2003, to optimise clinical trials, and issued Methods for Identifying the Qualification of Drug Clinical Trial Institutions (《藥物臨床試驗機構資格認定

辦法(試行)》) (the "**Methods for Identifying**") in February 2004, to assign the responsibility of identifying the drug clinical trial institution to the NMPA and the MOH. According to the GCP, the quality management standard of drug clinical trials is the standard regulation of the whole process of clinical trials. All phase clinical trials, human bioavailability or bioequivalence tests shall be carried out in accordance with GCP. According to the Methods for Identifying, the NMPA and the MOH shall make an approval decision based on the evaluation of the organisational management, R&D personnel, facilities, management system and standard operation procedure of an institute. The GCP Certification shall be issued if all the above factors meet qualification and the result will be published on the NMPA's website.

Four Phases of Clinical Trials

Pursuant to the Circular 28, a clinical development programme consists of phases I, II, III and IV.

1. Phase I refers to the initial clinical pharmacology and safety evaluation studies in humans;

2. 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;

3. Phase III is used to further verify the drug's 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;

4. 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 drugs 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 (《抗癌腫瘤藥臨床試驗技術指導原則》) issued by the NMPA on 15 May 2012, the clinical trials of anti-tumor drugs are usually divided into phase I, phase II and phase III clinical trials. Phase I clinical trials mainly aim to conduct preliminary studies on drug tolerance and pharmacokinetics to provide data for the design of drug delivery regimens in later studies; Phase II clinical trials are mainly exploratory studies, such as drug dosage exploration, drug delivery exploration, tumor effectiveness exploration, while also observing safety; Phase III clinical trials further confirm the clinical benefits of cancer patients on the basis of phase II and provide sufficient evidence for obtaining marketing authorizations. It should be noted that the staging of such clinical studies is not a fixed sequence of development. Based on these guidelines, statistical hypotheses can be established and tested as part of Phase II clinical trials, although Phase I, II exploratory trials and Phase III confirmatory trials may be treated differently. Similarly, some exploratory studies may be part of the Phase III trial as well. 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 (《關於調整藥物臨床試驗審評審批程序的公告》) issued by the NMPA on 24 July 2018, 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.

New Drug Application

After phase I, phase II and phase III of the clinical trials have been completed, the applicant may apply to the NMPA for the NDA. The NMPA determines whether to approve the application according to applicable laws and regulations. The applicant must obtain approval of an NDA before the drugs can be manufactured and sold in the PRC market.

The Reform Plan of Chemical Drug Registration Classification (《化學藥品註冊分類改革工作方案》) (the "**Reform Plan**") was promulgated by the NMPA in March 2016 and outlined the reclassifications of drug applications under the Circular 28: Category I refers to drugs that are not marketed both domestically and abroad; Category II refers to modified new preparations that are not marked both domestically and abroad; Category III refers to drugs that are imitated by domestic applicants to original drugs that have been marketed abroad but not domestically; Category IV refers to the drugs that are imitated by domestic applicants to original drugs that have been marketed domestically; Category V refers to the drugs that have been marketed abroad are applied to be marketed domestically. Drugs of Category I and II can apply registration through the application procedures of new drugs.

On 7 January 2009, the NMPA promulgated Regulations of Special Examination and Approval in New Drug Registration (《新藥註冊特殊審批管理規定》) (the "**Regulations of Special Examination and Approval**"). In accordance with Article 45 of Circular 28, the NMPA conducts special examination and approval for new drugs registration application when among others: (i) active ingredients extracted from plant, animals, minerals, etc., as well as the preparations thereof, have never been marketed in the PRC, and Chinese crude drugs and the preparations thereof are newly discovered; or (ii) chemical drug substances as well as the preparations thereof and the biological product have not been approved for marketing, in the PRC or abroad. For those drug candidates specified in items (i) or (ii), the applicant may file for special examination and approval at the clinical trial-stage; for those drug candidates specified in item (iii) or (iv), the applicant can file for special examination and approval only at production-stage.

International Multi-Centre Clinical Trials Regulations

The NMPA promulgated the International Multi-Centre Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) on 30 January 2015, to provide guidance for the regulation of application, implementation and administration of international multi-centre clinical trials in PRC. International multi-centre clinical trial applicants may simultaneously perform clinical trials in different centres using the same clinical trial protocol. Where the applicants plan to make use of the data derived from the international multi-centre clinical trials for application to the NMPA for approval of a NDA, such the international multi-centre clinical trials shall satisfy the certain requirements, in addition to the requirements set forth in the Drug Administration Law and its implementation regulations, the Circular 28 and relevant laws and regulations.

On 10 October 2017, the NMPA released the Decision of the State Food and Drug Administration on Adjustment of Matters Relating to Registration and Administration of Imported Pharmaceuticals (《國家食品藥品監督管理總局關於調整進口藥品註冊管理有關事項的決定》) (the "**Decision**"), which makes the following adjustments of matters relating to registration and administration of imported pharmaceutical products: (i) for drugs subject to international multi-centre drug clinical trial carried out in China, phase I clinical trial shall be allowed to be carried out simultaneously, and the requirement that the clinical trial drug should be registered overseas or that the drug has entered into phase II or phase III clinical trial shall be removed, except for biological products for preventive purposes; (ii) following the completion of international multi-centre drug clinical trial carried out in China, the applicant may directly apply for registration of market launch of the pharmaceutical products. At the time of submission of application for registration of market launch, the requirements of the Administrative Measures on Registration of Pharmaceuticals and the relevant documents shall be implemented; (iii) for new chemical drugs and innovative therapeutic biological products which apply for clinical trial of imported pharmaceutical products and apply for market launch of imported pharmaceutical products, the requirement for obtaining the market authorisation issued by the manufacturing country or region where the overseas pharmaceutical manufacturer is based shall be removed; (iv) where an application for registration was accepted prior to promulgation of the Decision, and filed for waiver of clinical trial due to the use of international multi-centre drug clinical trial data, if the application complies with the Administrative Measures on Registration of Pharmaceutical Products and the relevant documents, the pharmaceutical product shall be directly approved for importation.

On 6 July 2018, the NMPA promulgated the Guiding Technical 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》, which is applicable to the guidance on the acceptance of overseas clinical trial data used as clinical evaluation reference by applicants when they apply for registration of drugs within the territory of the PRC and highlights the following basic principles for the acceptance of overseas clinical trial data: authenticity, completeness, accuracy and traceability.

Pilot Plan for the Marketing Authorisation Holder System

The State Council published a policy of carrying out a pilot plan for the drug MAH mechanism (the "**MAH System**"). Under the authorisation of the SCNPC, the State Council issued the Pilot Plan for the Drug Marketing Authorisation Holder Mechanism (《藥品上市許可持有人制度試點方案》) (the "**Pilot Plan**") on 26 May 2016, which provides a detailed pilot plan for the MAH System, for drugs in 10 provinces in PRC. Under the MAH System, domestic drug research and development institutions and individuals in the pilot regions are eligible to be holders of drug registration without having to become drug manufacturers. The marketing authorisation 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: (i) new drugs (including Category I and II drugs under the Reform Plan) approved after the implementation of the MAH System; (ii) generic drugs approved as Category III or IV drugs under the Reform Plan; (iii) previously approved generics that have passed equivalence assessments against original drugs; and (iv) 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 Pilot Plan has been invalid since 4 November 2018.

On 26 October 2018, the SCNPC promulgated the Decision on the Extension of Authorisation of the State Council on the Pilot Plan for the Drug Marketing Authorisation Holder Mechanism in Some Areas (《全國人民代表大會常務委員會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》) to extend the pilot plan for drug marketing authorisation holder mechanism in Some Areas to 4 November 2019.

On 15 August 2017, the NMPA issued the Circular on the Matters Relating to Promotion of the Pilot Programme for the Drug Marketing Authorisation 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**"), which classified the legal liability of the marketing authorisation 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 nonclinical drug study, clinical trials, manufacturing, marketing and distribution and adverse drug reaction monitoring. The marketing authorisation holder is permitted to entrust several drug manufacturers under the drug quality management system established by the marketing authorisation holder. Pursuant to the MAH Circular, the 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 SCNPC issued the revised draft of the Drug Administration Law on 26 April 2019, which became effective on 1 December 2019. Provides that (1) the MAH system while applicable throughout the country; (2) the legal representative and the key person-in-charge of a drug marketing authorisation holder shall be fully responsible for the quality of drugs.

Administrative Protection and Monitoring Periods for New Drugs

According to the Circular 28, the Implementing Regulations and the Reform Plan, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for Category I new drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not accept other applications for new drugs containing the same active ingredient. This renders an actual five-year exclusivity protection for Category I new drugs. The only exception is that the NMPA will continue to handle any application if, prior to the commencement of the monitoring period, the NMPA has already approved the applicant's clinical trial for a similar new drug. If such application conforms to the relevant provisions, the NMPA may approve such applicant to manufacture or import the similar new drug during the remainder of the monitoring period.

Qualifications

According to the Drug Administration Law, the establishment of a drug-producing enterprise must be approved by, and the Drug Production License shall be obtained from, the drug control and administration department of the people's government of a province, autonomous region or centrally administered municipality in which the enterprise is located. No drug production is permitted without the Drug Manufacturing Certificate. The establishment of a drug-wholesaling enterprise must be approved by the drug control and administrative department of the people's government of a province, autonomous region or centrally administered municipality where the enterprise is located and must obtain the License for Pharmaceutical Trading. The establishment of a drug retailing enterprise must be approved by the local drug control and administrative department at county level or above where the enterprise is located and the License for Pharmaceutical Trading shall be obtained.

Production

Drug Manufacturing Certificate: According to the Administrative Measures for Supervision of Drug Production (《藥品生產監督管理辦法》) promulgated on 11 December 2002 and amended on 5 August 2004 and 17 November 2017 respectively, drugs without Drug Manufacturing Certificate shall not be manufactured. Drug Manufacturing Certificate shall indicate its period of validity, the scope of production, the enterprise name, the registered address, the legal representative and so on. The valid term of a Drug Manufacturing Certificate is five years and to continue drug production, the certificate holder shall apply for renewal six months prior to the expiry date.

GMP: The Good Manufacturing Practice (《藥品生產質量管理規範》) was promulgated by the NMPA in March 2011 to ensure that pharmaceutical products subject to it are consistently produced and controlled in conformity to the quality and standards appropriate for their intended use. In order to promote the implement of GMP, the Administrative Measures for Certification of the Good Manufacturing Practice (《藥品生產質量管理規範認證管理辦法》) was promulgated. The GMP certificate shall indicate the information in conformity to the Drug Manufacturing Certificate and the certificate holder shall apply for renewal six months prior to the expiry date.

Contract Manufacturing of Drugs: Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) issued by the NMPA in August 2014, or the Contract Manufacturing Regulations, in the event a drug manufacturer in PRC that has obtained a drug marketing authorisation temporarily lacks manufacturing conditions as a result of technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, it can entrust the manufacturing of that drug to another domestic drug manufacturer. Such contract manufacturing arrangements needs to be approved by the provincial branch of the NMPA. The Contract Manufacturing Regulations prohibit the contract manufacturing arrangement of certain special drugs, including narcotic drugs, psychoactive drug, biochemical drugs and active pharmaceutical ingredients.

Trading

License for Pharmaceutical Trading: Based on *the Drug Administration Law,* the NMPA promulgated the Administrative Measures for License for Pharmaceutical Trading (《藥品經營許可證管理辦法》) on 4 February 2004 and amended on 17 November 2017 to regulate the pharmaceutical trading. According to the 2017 revision, without a License for Pharmaceutical Trading, no enterprise may trade drugs that are not self-produced. The valid term for the License for Pharmaceutical Trading is five years and to continue pharmaceutical Trading, the license holder shall apply for renewal six months prior to the expiry date.

GSP: The Good Supply Practice (《藥品經營質量管理規範》), issued by the NMPA, focuses on the procurement, the storage, the sales, the after-sales service, etc. to ensure the trading of drugs are in conformity to the quality standards. In order to promote the implementation of GSP, the Administrative Measures for Certification of the Good Supply Practice (《藥品經營質量管理規範認證管理辦法》) was promulgated. The valid term for the GSP certificate is five years and the certificate holder shall apply for renewal three months prior to the expiry date.

License for Use of Laboratory Animals

Pursuant to Regulations for Administration of Affairs Concerning Laboratory Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission (國家科學技術委員會) (the "**SSTC**"), in November 1988, amended in January 2011, July 2013 and March 2017 by the State Council, the Administrative Measures on Good Practice of Laboratory Animals (《實驗動物質量管理辦法》) jointly promulgated by the SSTC and the State Bureau of Technical Supervision (國家質量技術監督局) in December 1997, and the Administrative Measures on the Certificate for Laboratory Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) and other regulatory authorities in December 2001, performing experimentation on animals requires a License for Use of Laboratory Animals.

Other Healthcare Laws

Advertising of Pharmaceutical Products

Pursuant to the Provisions for Drug Advertisement Examination (《藥品廣告審查辦法》), which were promulgated on 13 March 2007, came into effect on 1 May 2007 and amended on 21 December 2018, an enterprise seeking to advertise its drugs must apply for an advertising approval code. The validity term of an advertisement approval number for pharmaceutical drugs is one year. The content of an approved advertisement may not be altered without prior approval. Where any alteration to the advertisement is needed, a new advertisement approval number shall be obtained by submitting a reapplication. On 24 April 2015, the NPC promulgated the PRC Advertising Law, according to which certain contents shall not be included in advertisement of drugs.

Insert Sheet and Labels of Pharmaceutical Products

According to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品説明書和標籤管理規定》) effective on 1 June 2006, the insert sheets and labels of drugs should be reviewed and approved by the NMPA. A drug insert sheet should include the scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use if drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage and adverse reaction.

Packaging of Pharmaceutical Products

According to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) effective on 1 September 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its own standards and put into implementation after obtaining the approval of the food and drug administration or bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its own packaging standard. Drugs that have not developed and received approval for packing standards must not be sold or traded in PRC (except for drugs for the military).

Technique Transfer Registration of Drugs

On 19 August 2009, the NMPA promulgated Administrative Regulations for Technique Transfer (《藥品技術轉讓註冊管理規定》) (the "**Administrative Regulations**"). According to the Administrative Regulations, drug technique transfer refers to the transfer of drug production technique by the owner to the transferee (a drug manufacturer), and drug technique transfer is classified into new drug technique transfer and drug production technique transfer.

Registration applications for new drug technique transfer may be submitted prior to the expiration date of the monitoring period of the new drug in any of the following circumstances: (i) Drugs with NDC only; (ii) Drugs with NDC and drug approval numbers. For preparations with NDCs only and not yet in the monitoring period for new drug; or API with NDCs, applications for new drugs technique transfer shall be submitted prior to the expiration date of the monitoring period for the corresponding preparations specified in Annex 6 to the Drug Registration Regulation from the issue date of the NDCs.

Drug production technique transfer may be applied in any of the following circumstances: (i) a) Drugs with NDCs only or simultaneously with drug approval numbers, the monitoring periods of which have expired; b) Preparations with NDCs only or simultaneously with drug approval numbers, but without monitoring periods; c) Preparations with NDCs only and not yet in the monitoring periods; or API with NDCs but without monitoring periods, for which monitoring periods of the corresponding preparations specified in Annex 6 of the Drug Registration Regulation have expired from the issue date of the NDCs; (ii) For drugs without NDCs, both the transferor and the transferee shall be legally qualified drug manufacturing enterprises, one of which holding over 50 percent of the equity or shares of the other, or both of which being subsidiaries of a same drug manufacturing enterprise, which is the majority shareholder of both sides; (iii) For import drugs with Import Drug License (《進口藥品註冊證》), the production technique may be transferred to local drug manufacturing enterprises from the original appliers of the import drug registration.

Pharmaceutical and Healthcare System

Pharmaceutical and Healthcare System Reform

To promote the development of pharmaceutical industry, the PRC government has promulgated a series of industry policies in recent years. The Opinions of the CPC Central Committee and the State Council on Deepening the Reform of the Pharmaceutical and Healthcare System (《中共中央國務院關於深化醫藥衛生體制改革的意見》) (the "**Opinions**") issued on 17 March 2009, and the Circular of the State Council on Printing and Issuing the Rules for Deepening the Reform of the Pharmaceutical and Healthcare System During the 13th Five Year Plan Period (《國務院關於印發<"十三五"深化醫藥衛生體制改革規劃>的通知》) (the "**Circular**") issued on 27 December 2016, clearly indicate that the construction of the public service system shall be strengthened in an all-round way. The healthcare service system shall be further improved; the medical security system shall be quickened; and a secured pharmaceutical supply system shall be established and completed. On 25 April 2017, the General Office of the State Council issued the Main Tasks of Deepening the Reform of Pharmaceutical and 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 the following:

(i) One of the main objectives of the reform was to establish a basic healthcare system to cover both urban and rural residents and provide the Chinese people with safe, effective, convenient and affordable healthcare services. By 2020, a basic healthcare system covering both urban and rural residents should be established;

(ii) Another main objective of reform was to improve the healthcare system, through the reform and development of a graded diagnosis and treatment system, modern hospital management, basic medical insurance, drug supply support and comprehensive supervision;

(iii) The reforms aimed to promote orderly market competition and improve the efficiency and quality of the healthcare system to meet the various medical needs of the Chinese population. From 2009, basic public healthcare services were provided to urban and rural residents.

In the meantime, the reforms also encouraged innovations by pharmaceutical companies to eliminate pharmaceutical products that fail to prove definite efficacy and positive risk-benefit ratio.

Reimbursement Under the National Medical Insurance Programme

The national medical insurance programme was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Programme (《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 14 December 1998, under which all employers in urban cities are required to enrol their employees in the basic medical insurance programme and the insurance premium is jointly contributed by the employers and employees. The State Council promulgated 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》) on 10 July 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, in January 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.

Participants of the national medical insurance programme and their employers, if any, are required to contribute to the payment of insurance premium on monthly basis. Programme participants are eligible for full or partial reimbursement of the cost of medicines included in the National Reimbursement Drug List (the "**NRDL**"). The Notice Regarding the Tentative Measures for the Administration of the Scope of 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》) jointly issued by several authorities including the Ministry of Labour and Social Security and the Ministry of Finance (the "**MOF**") on 12 May, 1999 provides that a pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) it is set forth in the Pharmacopoeia of the PRC; (2) it meets the standards promulgated by the NMPA; and (3) if imported, it is approved by the NMPA for import.

The Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部, the "**MHRSS**"), together with other government authorities, has the power to determine the medicines included in the NRDL. In February 2017, the MHRSS released the 2017 NRDL (《2017年國家醫保藥品目錄》). In July 2017, the MHRSS announced that the 2017 NRDL would be expanded to include an additional 36 drugs, classified as Part B

medicines. The 2017 NRDL expands its scope and covers 2,535 drugs in total, including 339 drugs that are newly added. The 2017 NRDL reflects an emphasis on innovative drugs and drugs that treat cancer and other serious diseases.

Medicines included in the NRDL are divided into two parts, Part A and Part B. Provincial governments are required to include all Part A medicines listed on the NRDL in their provincial Medical Insurance Catalogue, but have the discretion to adjust upwards or downwards by no more than 15% from the number of Part B medicines listed in the NRDL. As a result, the contents of Part B of the provincial Medical Insurance Catalogues may differ from region to region in the PRC.

Patients purchasing medicines included in Part A of the NRDL are entitled to reimbursement of the entire amount of the purchase price. Patients purchasing medicines included in Part B of the NRDL are required to pay a certain percentage of the purchase price and obtain reimbursement for the rest of the purchase price. The percentage of reimbursement for Part B medicines differs from region to region in the PRC. The total amount of reimbursement for the cost of medicines, in addition to other medical expenses, for an individual participant under the national medical insurance programme in a calendar year is capped at the amounts in such participant's individual account under such programme. The amount in a participant's account varies, depending on the amount of contributions from the participant and his or her employer. In September 2018, the National Healthcare Bureau further announced that 17 oncology drugs would be added to List B drugs of the NRDL.

On 20 August 2019, the MHRSS and the National Healthcare Security Administration (國家醫療保障局) issued 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》, which will be effective on 1 January 2020. It regulates that all localities shall strictly implement the drug catalogue, and are not allowed to make a catalogue or add drugs in the catalogue, or adjust the limited payment scope of drugs in the catalogue.

National Essential Drug List

On 18 August 2009, MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National Essential Drug List (《國家基本藥物目錄管理辦法(暫行)》), which was revised by NHFPC on 13 February 2015, and the Guidelines on the Implementation of the National Essential Drug List System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the National Essential Drug List. NHC promulgated the National Essential Drug List (2018) (《國家基本藥物目錄(2018年版)》) on 30 September 2018, replacing the National Essential Drug List(2012) (《國家基本藥物目錄(2012年版)》) which was promulgated on 13 March 2013. According to these regulations, basic healthcare institutions funded by government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in National Essential Drug List. The drugs listed in National Essential Drug List shall be purchased by centralised tender process and shall be subject to the price control by NDRC. Remedial drugs in the National Essential Drug List are all listed in the Medical Insurance Catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Multi-level Medical Security System

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 on 3 January 2016 calls for 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 arrangement who participate in the basic medical insurance for urban employees. According to the Main Tasks of Deepening the Reform of Pharmaceutical and Healthcare System in 2017 (《深化醫藥衛生體制改革2017年重點工作任務》) issued by the General Office of the State Council on 25 April 2017, the key tasks of the medical insurance reform are to improve the system for serious illness insurance, lower the threshold price and raise the reimbursement ratio.

The MHRSS issued the Guiding Opinions on Actively Promoting the Coordinated Healthcare, Medical Insurance and Pharmaceutical Reforms (《關於積極推動醫療、醫保、醫藥聯動改革的指導意見》) on 29 June 2016, which states that the reform will focus on exploring and leveraging the fundamental role of medical insurance through further integration of medical insurance systems in all aspects, deepening the reform of the payment methods for medical insurance and promoting innovation in the medical insurance management system. According to the Notice on the Issuance of the 13th Five-year Plan on Strengthening the Reform of Healthcare System (《國務院關於印發<十三五>深化醫藥衛生體制改革規劃的通知》) issued by the State Council on 27 December 2016, one of the guiding principles is to insist on the reform of the coordinated development among healthcare, medical insurance and pharmaceutical systems.

On 25 October 2016, the State Council and the Communist Party of the PRC jointly issued the Plan for Healthy PRC 2030 (《"健康中國2030"規劃綱要》the "**Plan 2030**"). According to the Plan 2030, the country will establish a multi-level medical security system built around basic medical insurance, with other forms of insurance supplementing the basic medical insurance, including serious illness insurance for urban and rural residents, commercial health insurance and medical assistance. Furthermore, the Plan 2030 encourages enterprises and individuals to participate in commercial health insurance and various forms of supplementary insurance. The evolving medical insurance system makes innovative drugs more affordable and universally available to the Chinese population, which renders greater opportunities to drug manufacturers that focus on the research and development of innovative drugs, such as high-cost cancer therapeutics.

Price Controls

Instead of direct price controls which were historically used in the PRC but abolished in June 2016, the government regulates prices mainly by establishing a consolidated procurement mechanism, revising medical insurance reimbursement standards and strengthening regulation of medical and pricing practices as discussed below:

The Guiding Opinions concerning the Urban Pharmaceutical and Healthcare System Reform (《關於城鎮醫藥衛生體制改革的指導意見》), promulgated on 21 February 2000, aims to regulate the purchasing process of pharmaceutical products by medical institution. The MOH and other relevant government authorities have promulgated a series of regulations and releases in order to implement the tender requirements.

According to the Notice on Issuing Certain Regulations on the Trial Implementation of Centralised Tender Procurement of Drugs by Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) promulgated on 7 July 2000 and the Notice on Further Improvement on the Implementation of Centralised Tender Procurement of Drugs by Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated on 8 August 2001, medical institutions established by county or higher level government or state-owned enterprises (including state-controlled enterprises) are required to implement centralised tender procurement of drugs. The MOH promulgated the Working Regulations of Medical Institutions for Procurement of Drugs by Centralised Tender and Price Negotiations (for Trial Implementation) (《醫療機構藥品集中招標採購和集中議價採購工作規範(試行)》), or the Centralised Procurement Regulations, on 13 March 2002, providing rules for the tender process and negotiations of the prices of drugs, operational procedures, a code of conduct and standards or measures of evaluating bids and negotiating prices. On 17 January 2009, the MOH, the NMPA and other four national departments jointly promulgated the Opinions on Further Regulating Centralised Procurement of Drugs by Medical Institutions (《關於印發<進一步規範醫療機構藥品集中採購工作的意見>的通知》). According to this notice, public medical institutions owned by the government at the county level or higher or owned by state-owned enterprises (including state-controlled enterprises) shall purchase pharmaceutical products by online centralised procurement. Each provincial government shall formulate its catalogue of drugs subject to centralised procurement. Except for drugs in the National Essential Drug List (the procurement of which shall comply with the relevant rules on National Essential Drug List), certain pharmaceutical products which are under the national government's special control, such as toxic, radioactive and narcotic drugs and traditional Chinese medicines, in principle, all drugs used by public medical institutions shall be covered by the catalogue of drugs subject to centralised procurement. On 7 July 2010, the MOH and six other ministries and commissions jointly promulgated the Notice on Printing and Distributing the Working Regulations of Medical Institutions for Centralised Procurement of Drugs (《關於印發醫療機構藥品集中採購工作規範的通知》) to further regulate the centralised procurement of drugs and clarify the code of conduct of the parties in centralised drug procurement. The Instructions on Improvement of Centralised Procurement of Drugs of Public Hospitals (《國務院辦公廳關於完善公立醫院藥品集中採購工作的指導意見》) promulgated on 9 February 2015 by the General Office of the State Council (the **"General Office**") clarified seven specific instructions on the centralised procurement of drugs. On 25 April 2016, the six other ministries and commissions jointly promulgated the Notice on Centralised Procurement of Drugs Negotiated by the State (《關於做好國家談判藥品集中採購的通知》) to further improve the mechanism of price negotiation of the drug. On 24 January 2017, the General Office promulgated Opinions on Improvement of the Policy of Production, Circulation and Use of Drugs (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) to deepen the reform of medicine health system, improve the quality of the drug and regulate the circulation and use of the drug. On 1 January 2019, the General Office promulgated the Pilot Plan of Centralised Procurement and Use of the Drug Organised by the State (《國家組織藥品集中採購和使用試點方案》) to improve the pricing mechanism of the drug, which also further regulates the scope and mode of centralised procurement.

The centralised tender process takes the form of public tender operated and organised by provincial or municipal government agencies. The centralised tender process is in principle conducted once every year in the relevant province or city in PRC. The bids are assessed by a committee composed of pharmaceutical and medical experts who will be randomly selected from a database of experts approved by the relevant government authorities. The committee members assess the bids based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the

manufacturer, after-sale services and innovation. Only pharmaceuticals that have won in the centralised tender process may be purchased by public medical institutions funded by the governmental or state-owned enterprise (including state-controlled enterprises) in the relevant region.

Other Significant Laws and Regulations of the PRC Affecting Our Business

Foreign Investment

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the "**Wholly Foreign-owned Enterprise Law**"), which was promulgated on 12 April 1986 and amended on 31 October 2000, and 3 September 2016 respectively, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法實施細則》), which was promulgated on 28 October 1990, newly amended on 19 February 2014, and became effective on 1 March 2014. Pursuant to the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated by MOFCOM on 8 October 2016 and amended on 30 July 2017 and 30 June 2018, establishment and modifications of foreign-invested enterprises not subject to the approval under the special entry management measures shall be filed with the competent commercial authorities.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**FIL**"), which was promulgated by the SCNPC on 15 March 2019 and became effective on 1 January 2020, provides that the "foreign investment" refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organisations (the "**Foreign Investors**"), including the following: (i) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (ii) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (iii) Foreign Investors investing in new projects in China alone or collectively with other investors; and (iv) 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 favourable than that granted to domestic investors and their investments; the "negative list" refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will grant national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council. After the FIL comes into effect, the FIL will replace the Wholly Foreign-Owned Enterprise Law of the PRC.

Investment in PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) (the "**Catalogue**"), which was newly amended and promulgated by the MOFCOM and the NDRC on 28 June 2017. The Catalogue, as amended, became effective on 28 July 2017 and contains specific provisions guiding market access of foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign-invested industries, restricted foreign-invested industries and prohibited foreign-invested industries. Restricted category projects are subject to higher-level government approvals. Besides, the Special Management Measures (Negative List) for the Access of Foreign Investment (2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) was promulgated by the NDRC and the

MOFCOM on 30 June 2019 and came into effect from 30 July 2019, upon which the Special Management Measures for the Access of Foreign Investment (Negative List for the Access of Foreign Investment) (外商投資准入特別管理措施(外商投資准入負面清單)) in the Catalogue (2018 Revision) were repealed.

On 8 August 2006, six PRC regulatory agencies, namely, MOFCOM, the State-owned Assets Supervision and Administration Commission of the PRC, the State Administration of Taxation (the "**SAT**"), the State Administration for Industry and Commerce, the China Securities Regulatory Commission, and the State Administration of Foreign Exchange (the "**SAFE**"), jointly adopted 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**"), which became effective on 8 September, 2006 and were amended by MOFCOM on 22 June 2009. The M&A Rules require, among others, that a foreign investor acquiring the equity interest in a non-foreign invested PRC enterprise or purchasing and operating the asset of such enterprise by establishing a foreign invested enterprise shall comply with relevant foreign investment industry policies and shall be subject to approval by MOFCOM or its local competent authorities.

Overseas Investment

Pursuant to the Administrative Measures of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on 6 September 2014 and effective on 6 October 2014, overseas investments refer to possessing of non-financial enterprises abroad or acquisition of the ownership of, control over, business management right of, or other rights and interests of existing overseas non-financial enterprises by enterprises established in PRC through newly establishment or mergers and acquisitions or other methods. Other than the overseas investments involving sensitive countries, regions or sensitive industries which are subject to approval, all other overseas investments are subject to filing administration.

According to the Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and came into effect on 1 March 2018, projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ, the same below); (ii) NDRC, if the investor is a local enterprise and the amount of Chinese investment is USD0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD0.3 billion. The non-sensitive projects mentioned in these Measures refer to the projects irrelevant to sensitive countries or regions, and irrelevant to sensitive industries. The amount of Chinese investment mentioned in these Measures refers to the sum of such assets and equities as currencies, securities, physical objects, technologies, intellectual properties, equities, creditors' rights, and the total amount of the provided financing and guarantees. For the purpose of these Measures, "the provincial development and reform authority at the place where an investor is registered" refers to the development and reform authority of a province, autonomous region, a municipality directly under the Central Government, a city of independent planning status, or Xinjiang Production and Construction Corps.

Foreign Exchange

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administrative Regulations**"), promulgated by the State Council on 29 January 1996 and amended on 5 August 2008, constitutes an important legal basis for the PRC governmental authorities to supervise and regulate foreign exchange. On 20 June 1996, PBOC further promulgated the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Provisions**"). Pursuant to the Foreign Exchange Administrative Regulations and the Settlement Provisions, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where prior approval from the SAFE and/or its competent local branches is obtained.

On 30 March 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of 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》) (the "**SAFE Circular 19**"), further expanding the extent of convertibility under direct investment. SAFE Circular 19 stipulates that the use of capital funds and exchange settlement funds by foreign-invested enterprises shall be subject to foreign exchange management regulations, and implement negative list management.

On 9 June 2016, SAFE further promulgated the Circular on the Reform and Standardisation of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"). The SAFE Circular 16 unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the Discretional Foreign Exchange Settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Regulations of the People's Republic of China on Foreign Exchange Control and relevant provisions. Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the certain purpose.

SAFE Circular 37

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 (《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 4 July 2014, which replaced the former circular commonly known as "**SAFE Circular 75**" promulgated by SAFE on 21 October 2005. SAFE Circular 37 requires PRC residents to register with 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, 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, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under the PRC laws for evasion of foreign exchange controls. On 13 February 2015, SAFE released 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》) (the "**SAFE Circular 13**"), which took effect from 1 June 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37.

Taxation

Income Tax

Because we carry out our PRC business operations through operating subsidiaries organised under the PRC laws, our PRC operations and our operating subsidiaries in the PRC are subject to the PRC tax laws and regulations. Pursuant to the EIT Law promulgated by the NPC on 16 March 2007, which became effective from 1 January 2008, and subsequently amended on 24 February 2017 and 29 December 2018 respectively, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing from 1 January 2008 with certain exceptions.

In order to clarify certain provisions in the EIT Law, the State Council promulgated 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》) (the "**EIT Implementation Rules**") on 6 December 2007, which became effective on 1 January 2008 and amended on 23 April 2019. Under the EIT Law and the EIT Implementation Rules, enterprises are classified as either "resident enterprises" or "non-resident enterprises". Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within PRC but which have an establishment or place of business in PRC, or which do not have an establishment or place of business in PRC but have income sourced within PRC.

Enterprises that are recognised as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. The enterprise can re-apply for such recognition as a high-tech enterprise before or after the previous certificate expires.

Withholding Income Tax and Tax Treaties

The EIT Implementation Rules provide that since 1 January 2008, 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. The income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and the jurisdictions in which our non-PRC shareholders reside. Pursuant the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having 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 to be received from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on 20 February 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 of Issues Concerning the "Beneficial Owner" in Tax Treaties (《關於税收協定中"受益所有人"有關問題的公告》), on 3 February 2018 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognised as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Value-added Tax

Pursuant to the Interim Regulations on Value-Added Tax (hereinafter referred as VAT) of the PRC (《中華人民共和國增值税暫行條例》) promulgated by the State Council on 13 December 1993, amended on 10 November 2008, 6 February 2016 and 19 November 2017 respectively, and the Implementation Rules of the PRC Interim Regulations on VAT (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on 25 December 1993, amended on 15 December 2008 and 28 October 2011, respectively, the latest amendment of which became effective on 1 November 2011, sale of goods, provision of processing, repair and replacement services and import of goods within the PRC are subject to VAT and unless stated otherwise, the tax rate for VAT payers who are selling or importing goods, and providing processing, repairs and replacement services in the PRC shall be 17%. According to Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家税務總局關於調整增值税税率的通知》), recently promulgated on 4 April 2018 and implemented on 1 May 2018, the deduction rate of 17% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16%.

Labour and Social Insurance

Pursuant to the PRC Labour Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994 and became effective on 1 January 1995 and subsequently amended on 27 August 2009 and 29 December 2018, the PRC Labour Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on 29 June 2007 and subsequently amended on 28 December 2012 and became effective on 1 July 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 and became effective on 18 September 2008, labour contracts in written form shall be executed to establish labour relationships between employers and employees. Wages cannot be lower than local minimum

wage. The employer must establish a system for labour safety and sanitation, strictly abide by State rules and standards, provide education regarding labour safety and sanitation to its employees, provide employees with labour safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examination for employees engaged in work involving occupational hazards.

Social insurance and Housing fund

Under applicable PRC laws, including the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010, became effective on 1 July 2011 and amended on 29 December 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, became effective on 22 January 1999 and amended on 24 March 2019, the Interim Measures concerning the Maternity Insurance (《企業職工生育保險試行辦法》), which was promulgated by the Ministry of Labour on 14 December 1994 and became effective on 1 January 1995, the Regulations on Occupational Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on 27 April 2003 and became effective on 1 January 2004 and subsequently amended on 20 December 2010, becoming effective on 1 January 2011, 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, became effective on 3 April 1999 and amended on 24 March 2002 and 24 March 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. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Employee stock incentive plan

In February 2012, the SAFE promulgated the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly Listed Companies (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程》) issued by the SAFE on 28 March 2007. In accordance with the Stock Option Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period no less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in the PRC for a continuous period of no less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax, or the individual income tax. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income tax of those employees related to their share options or restricted shares, failure of which may subject such PRC subsidiaries to sanctions imposed by the tax authorities or other PRC government authorities.

Intellectual Property

The PRC is a party to several international conventions on intellectual property rights, including Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協定》), Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), Berne Convention for the Protection of Literary and Artistic Works (《伯爾尼保護文學和藝術作品公約》), World Intellectual Property Organisation Copyright Treaty (《世界知識產權組織版權條約》), Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》) and Patent Cooperation Treaty (《專利合作條約》).

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated by the SCNPC on 12 March 1984, amended on 4 September 1992, 25 August 2000 and 27 December 2008, and effective from 1 October 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 15 June 2001 and latest amended on 9 January 2010, there are three types of patent in the PRC: invention patent, utility model patent and design patent. The protection period is 20 years for invention patent and 10 years for utility model patent and design patent, commencing from their respective application dates. Any individual or entity that utilises a patent or conducts any other activity in infringement of a patent without prior authorisation of the patentee shall pay compensation to the patentee and is subject to a fine imposed by relevant administrative authorities.

The Patent Law regulates that, for the purpose of public health, the patent administrative authorities of the State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty participated by the PRC.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), promulgated by the SCNPC on 23 August 1982, amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019 and effective from 1 November 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 as required if the registrant needs 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 cancelled. Industrial and commercial administrative authorities have the authority to investigate any behaviour in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offence, the case shall be timely referred to a judicial authority and decided according to law.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names of the PRC (《中國互聯網絡域名管理辦法》) promulgated by the Ministry of Information Industry on 5 November 2004, repealed on 24 August 2017, and implemented on 1 November 2017, "domain name" shall refer to the character mark of hierarchical structure, which identifies and

locates a computer on the internet and corresponds to the Internet protocol (IP) address of such computer. The principle of "first come, first serve" applies to domain name registration service. After completing the domain name registration, the applicant will become the holder of the registered domain name. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay corresponding fees as required, the original domain name registry shall deregister the relevant domain name and notify the holder of deregistration in written forms.

Environmental Protection

General Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), promulgated by the SCNPC on 26 December 1989 and amended on 24 April 2014, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on 28 October 2002 and became effective on 1 September 2003 and was amended on 2 July 2016, 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 and became effective on 29 November 1998 and amended on 16 July 2017, and other relevant environmental laws and regulations, entities generating environmental pollution and other public hazards must incorporate environmental protection measures into their plans and set up a responsibility system of environmental protection. Construction projects shall go through environmental impact assessment procedure.

The construction projects which may have significant impact on the environment shall prepare an environmental impact report with full assessment of impact on the environment while those projects which have less severe environmental impact are not required to conduct environment impact assessment but need to complete the environmental impact registration form. Pollution prevention facilities for construction projects must be designed, constructed and launched into production and use at the same time with the main part of the projects. Construction projects can only be put into operation after the relevant environmental protection administrative authority has examined and approved the pollution prevention facilities. Enterprises and public institutions discharging pollutants must report to and register with relevant authorities in accordance with the provisions of the environmental protection administrative authority under the State Council.

According to the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), effective on 1 June 1988 and amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018 respectively, enterprises, institutions and other manufacturers and business operators shall adopt effective measures to prevent and reduce atmospheric pollution, and bear the responsibilities pursuant to the law for damages caused.

The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), effective on 1 April 1996 and latest amended on 7 November 2016, stipulates that organisations generating industrial solid waste shall establish and improve upon their environmental pollution prevention and treatment accountability system, and adopt measures to prevent and treat environmental pollution by industrial solid waste.

According to the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) effective on 1 November 1984 and amended on 15 May 1996, 28 February 2008 and 27 June 2017 respectively, enterprises, public institutions and other

producers or operators that directly or indirectly discharge industrial wastewater or medical sewage into water bodies as well as those that can discharge wastewater or sewage only after obtaining a Pollutant Discharge Permits according to relevant provisions shall obtain a Pollutant Discharge Permits. The types, concentrations, total discharge and destination of water pollutants to be discharged shall be specified in a Pollutant Discharge Permits.

Environmental Protection of the Healthcare Industry

The Administrative Measures for Environmental Protection of Healthcare Industry (《醫藥工業環境保護管理辦法》) was promulgated on 25 May 1990 and took effect on 1 June 1990. It stipulates that the exhaust gas and dust emission shall be curbed; poisonous and harmful wastewater shall be discharge after proper treatment and waste residue shall comply with the relevant criterions of the State. All the enterprises, medicine and pharmacology colleges and schools, or pharmaceutical research institutes shall possess the technology to abate or curb environmental pollution, otherwise the new products, new processes and new technique researched and developed by them shall not be approved, put into use or promoted.

Pollutant Discharge

The Environmental Protection Law stipulates that the government shall implement the pollutant discharge permit administration system. Pollutant discharge by enterprises, public institutions and other producers and business operators is subject to relevant pollutant emission licenses. According to the Environmental Protection Law, in the event that an entity discharges pollutant in violation of the pollutant discharge standards or volume control requirements, the entity would be subject to administrative penalties, including an order to suspend the entity's business for rectification or an order to terminate or close down business under severe circumstances.

According to the Interim Provisions on the Administration of Pollutant Discharge Permits (《排污許可證管理暫行規定》) promulgated by the Ministry of Environmental Protection on 23 December 2016, in accordance with the industry, formulates and publishes the List of Pollutant Discharge Permit Classification Management (2017 edition) (《固定污染源排污許可分類管理名錄(2017年版)》) classified by industry, enterprises shall apply for a permit to discharge pollutants within the time limit specified in the list and shall be prohibited to discharge pollutants without a permit. Pollutant Discharge Permits shall indicate the location and amount of drain outlets, pollutant type, pollutant discharge quantity, etc. The permit holder shall apply for renewal 30 days prior to the expiry date.

REGULATIONS RELATING TO THE UNITED STATES

In the United States, the U.S. FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act (the "**FDCA**"), and the U.S. FDA's implementing regulations and explanatory guidance documents.

The process required by the U.S. FDA before a new drug therapy, often called an "innovator" or "branded" drug, may be marketed in the United States generally involves the following:

- completion of preclinical laboratory studies, animal studies, and formulation studies in compliance with the U.S. FDA's GLP regulations;

- submission to the U.S. FDA of an IND, which must become effective before human clinical trials may begin;

- approval by the institutional review board (the "**IRB**") at each clinical site before each trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with applicable IND and other clinical trial-related regulations, sometimes referred to as GCP, to establish the safety and efficacy of the proposed product for its proposed indications;

- submission to the U.S. FDA of an NDA;

- satisfactory completion of an U.S. FDA pre-approval inspection of the production facility or facilities where the product is produced to assess compliance with the U.S. FDA's current good manufacturing practice ("**cGMP**") requirements to assure that the facilities, methods, and controls are adequate to preserve the product's identity, strength, quality, purity, and potency;

- potential U.S. FDA inspection and audit of the preclinical and/or clinical trial sites that generated the data in support of the NDA; and

- the U.S. FDA review and approval of the NDA before any commercial marketing or sale of the product in the United States.

The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local, and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development or approval process or after approval may subject an applicant to a variety of administrative or judicial sanctions. Among other sanctions, the U.S. FDA may impose a "clinical hold" that halts ongoing clinical trials, refuse to approve a pending NDA, withdraw an NDA approval it has previously granted, issue warning letters, demand product recalls, initiate product seizures, and issue or initiate injunctions, fines, refusals of government contracts, or civil or criminal penalties, including disgorgement of profits and restitution.

Preclinical Studies

Preclinical studies include laboratory evaluation of product chemistry, toxicity, and formulation, as well as animal studies to assess potential safety and efficacy. An IND sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, and any available clinical data or literature, among other things, to the U.S. FDA as part of an IND. Some preclinical studies may continue even after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the U.S. FDA unless, before that time, the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the U.S. FDA must resolve any outstanding concerns before the clinical trial can begin.

Clinical Trials

Clinical trials involve the administration of the investigational drug to human patients under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research patients provide their informed consent in writing before participating in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used to monitor patient safety, and the criteria for evaluating to the tested therapy's effectiveness. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the U.S. FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their www.clinicaltrials.gov website.

Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined:

- **Phase I clinical trial**: the investigational product is administered to a small number of healthy human patients or patients with the target disease or condition and tested for safety, dosage tolerability, absorption, metabolism, distribution, excretion, and, if possible, to gain an early indication of its effectiveness.

- **Phase II clinical trial**: the investigational product is administered to a limited patient population to identify possible AEs and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerability and optimal dosage.

- **Phase III clinical trial**: the investigational product 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 establish the overall risk-benefit profile of the product, and to provide adequate information for the labelling of the product.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the U.S. FDA and more frequently if serious adverse events occur. The U.S. FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

NDA Review And Approval

Assuming successful completion of the required clinical testing, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, and proposed labelling, among other things, are submitted to the U.S. FDA as part of an NDA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA must be accompanied by a substantial application user fee.

The U.S. FDA conducts a preliminary, threshold review of each NDA within the first 60 days after submission to determine whether it is sufficiently complete to permit "filing" and substantive review. The U.S. FDA may request additional information rather than accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is again subject to review to determine whether it is acceptable for filing. Once the submission is accepted for filing, the U.S. FDA begins an in-depth substantive review. The U.S. FDA reviews an NDA to determine, among other things, whether the drug is safe and effective for its intended uses and whether the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality, and purity.

The U.S. FDA may refer an application for a proposed drug to an advisory committee. An advisory committee is a panel of independent experts, typically including clinicians and other scientific experts, that reviews, evaluates, and provides a recommendation as to whether the application should be approved and under what conditions. The U.S. FDA is not bound by the recommendations of an advisory committee, but it generally gives advisory committee recommendations considerable weight when making decisions.

Before approving an NDA, the U.S. FDA typically will inspect the facility or facilities where the product is manufactured. The U.S. FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and are adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the U.S. FDA may inspect and audit one or more clinical trial sites to assure compliance with GCP requirements.

The U.S. FDA also may require submission of a Risk Evaluation and Mitigation Strategy (the "**REMS**") plan to ensure that the benefits of the drug outweigh its risks. The REMS plan could include Medication Guides directed to patients, physician communication plans, or additional elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimisation tools.

Under current user fee guidelines, the U.S. FDA has a goal of completing substantive review of an NDA within 10 months (6 months if priority review (discussed below) is granted). After evaluating the NDA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the U.S. FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or preclinical testing in order for the U.S. FDA to reconsider the application. Even with submission of this additional information, the U.S. FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the U.S. FDA's satisfaction, the U.S. FDA will typically issue an approval letter. An approval letter authorises commercial marketing of the drug with specific prescribing information for specific indications.

If the U.S. FDA approves a drug product, it will specify the approved indications for use of the product and require that appropriate contraindications, warnings, or precautions be included in the product labelling. The U.S. FDA may require post-approval studies, including phase IV clinical trials, to be conducted to further assess a drug's safety and effectiveness, require testing and surveillance programmes to monitor the product after commercialisation, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, all of which can materially affect the potential market and profitability of the product.

The U.S. FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programmes. After approval, significant changes to the approved product, such as adding new indications, many manufacturing changes, and additional labelling claims, are subject to further testing requirements and prior U.S. FDA review and approval.

U.S. FDA NDA Expedited Review Programmes

The U.S. FDA has four overlapping approaches to speeding the review and approval of NDAs for drugs for treating serious diseases such as cancer:

- **Fast track** is the process under which a drug sponsor may be eligible for rolling review, with the submission of completed sections of an NDA as they become available rather than waiting until the entire NDA is completed before it can be submitted to the U.S. FDA and reviewed.

- **Priority review** designation signifies the U.S. FDA's goal of taking action on an application within 6 months (compared with 10 months under standard review).

- **Breakthrough therapy** designation means that the drug sponsor is eligible for intensive guidance from the U.S. FDA on an efficient drug development programme, beginning as early as phase I clinical trials.

- **Accelerated approval** means an NDA approval based on a surrogate endpoint (rather than a measure of clinical benefit itself) or an intermediate clinical endpoint. The sponsor of a drug approved under this programme must conduct one or more post-approval phase IV confirmatory trials to attempt to verify clinical benefit.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to U.S. FDA approvals are subject to pervasive and continuing regulation by the U.S. FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, distribution of product samples, advertising and promotion, and reporting of adverse experiences with the product. Drug product may only be sold to authorised trading partners and must be accompanied by transaction data to enable the tracing of the product in the pharmaceutical supply chain. After approval, most changes to the approved product, such as adding new indications or other labelling claims, are subject to prior U.S. FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as application fees for supplemental applications.

The U.S. FDA may impose a number of post-approval requirements as a condition of approval of an NDA. For example, the U.S. FDA may require post-marketing testing, including phase IV clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialisation.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the U.S. FDA and state agencies and to submit a list of their drugs in distribution to the U.S. FDA annually. They are subject to periodic unannounced inspections by the U.S. FDA and state agencies for compliance with cGMP and other requirements. Changes to the manufacturing process are strictly regulated and often require prior U.S. FDA approval before being implemented. U.S. FDA regulations also require investigation and correction of any deviations from cGMP

requirements and impose reporting and documentation requirements upon the sponsor and any third party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the U.S. FDA may withdraw the approval if compliance with regulatory requirements and standards or conditions of approval is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, may result in mandatory revisions to the approved labelling to add new safety information, imposition of post-market studies or clinical trials to assess new safety risks, or imposition of distribution or other restrictions under a REMS programme. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market, or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the U.S. FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The U.S. FDA strictly regulates marketing, labelling, advertising, and promotion of marketed prescription drug products. Drugs may be marketed and promoted only for the approved indications and in accordance with the provisions of the approved labelling. The U.S. FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of "off-label" (unapproved) uses and a company that is found to have improperly promoted off-label uses may be subject to significant civil and criminal liability.

Non-Patent Exclusivity

After the U.S. FDA approves an NDA for a branded or innovator drug product, the drug product becomes a "reference listed drug". Other manufacturers may seek approval of generic versions of reference listed drugs through the submission of an NDA to the U.S. FDA. In support of an ANDA, a generic company need not conduct clinical studies. Rather, the generic applicant generally must show that its proposed product has the same active ingredient(s), dosage form, strength, route of administration, and conditions of use or labelling as the reference listed drug and that the proposed generic version is bioequivalent to the reference listed drug, meaning it is absorbed in the body at the same rate and to the same extent. Generic products are typically significantly less costly to bring to market than reference listed drugs and companies that manufacture and distribute generic products are able to offer them at lower prices. Under typical state pharmacy laws in the United States, a pharmacist generally may or must substitute a generic product for the prescribed branded product in most circumstances automatically and without prior authorisation from the prescriber. Thus, following introduction of a generic drug, a significant percentage of the sales of the branded product are typically lost very quickly to the generic product.

In addition, companies can seek approvals for modified versions of a reference listed drug by submitting what is known as a "505(b)(2) NDA" to the U.S. FDA. A 505(b)(2) NDA typically relies in substantial part on the U.S. FDA's decision to approve the reference listed drug on which the modified product is based, thereby substantially reducing the non-clinical and clinical testing needed to support the approval. A product approved under a 505(b)(2) NDA may take a share of the market for the branded product or reference listed drug.

The U.S. FDA may not accept or approve an NDA for a generic product or a 505(b)(2) NDA for a modified product until any applicable period of non-patent exclusivity for the reference listed drug has expired. The FDCA provides a period of five years of non-patent exclusivity for a drug product in which the active ingredient is a "new chemical entity" (the "**NCE**") that was not used in a previously approved drug product. Specifically, in cases where such NCE exclusivity has been granted, an NDA or 505(b)(2) NDA may not be submitted to the U.S. FDA until the expiration of 5 years from the initial date of approval. However, if the NDA or 505(b)(2) NDA sponsor includes a "Paragraph IV" certification with its application contending that a patent covering the reference listed drug is either invalid or will not be infringed by the NDA or 505(b)(2) NDA proposed product, the applicant may submit its NDA or 505(b)(2) NDA four years after approval of the reference listed drug. In addition, 3 years of exclusivity are available if an NDA sponsor submits the results of new clinical studies that are essential for the NDA approval. The U.S. FDA may not approve generic or modified versions of branded products until after the expiration of the 3 year new clinical studies exclusivity.

Following the expiration of any applicable exclusivity, sponsors of approved NDA and 505(b)(2) NDA products may seek to launch those products, even if there is remaining patent protection for the reference listed drug. However, such sponsors who elect to launch "at risk" may be sued by the patent holder for alleged patent infringement.

U.S. Patent Term Extension

U.S. law permits the terms of certain patents related to approved drug products to be extended as compensation for patent life that is effectively lost because of the length of time it takes for a drug to move through the approval process. Only one patent can be extended in connection with an approved drug product. The extension period is generally one-half of the time between the effective date of an IND to the date of submission of an NDA, plus the time the NDA is pending before approval. The term of a patent cannot be extended by more than five years or beyond 14 years after the first approval of the drug product, whichever is shorter.

Other Healthcare Laws

In addition to the FDCA, drug manufacturers and marketers are also subject to other healthcare regulation and enforcement by the U.S. federal government and the states and foreign governments after drug products are approved. Failure to comply with these laws, where applicable, can result in the imposition of significant civil penalties, criminal penalties, exclusion from participating in federal health care programmes, and other sanctions. The laws include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and wilfully soliciting, offering, receiving or providing remuneration, including any kickback, bribe or rebate, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual

for, or the purchase or lease, order or recommendation of, any item, good (such as a prescription drug), facility or service, for which payment may be made under federal healthcare programmes such as Medicare and Medicaid;

- the federal Beneficiary Inducement Statute, which prohibits giving anything of value to a government insurance beneficiary that could influence the choice of provider or reimbursable covered product (such as a prescription drug);

- federal civil and criminal false claims laws and civil monetary penalties laws, including the civil False Claims Act, which impose criminal and civil penalties, including those from civil whistle-blower or *qui tam* lawsuits, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- analogous state laws and regulations, such as state anti-kickback and false claims laws, which may apply to items or services reimbursed by any third party payer, including commercial insurers, state marketing and transparency laws applicable to manufacturers that may be broader in scope than the federal requirements, state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government.

Insurance Coverage and Reimbursement and Related Considerations

Sales of approved drug products typically depend, in part, on the extent to which the products are covered by third party payers, such as government health care programmes, commercial insurance, and managed healthcare organisations. These third party payers are increasingly limiting coverage or reducing reimbursements for medical products and services. In the United States, no uniform policy of coverage and reimbursement for products exists among third party payers. Therefore, coverage and reimbursement for products can differ significantly from payer to payer. In addition, the U.S. government, states, and foreign governments have implemented and are considering cost-containment programmes, including potential price controls, restrictions on reimbursement, and requirements for the substitution of generic products when a physician or other prescriber prescribes a branded product by brand name. Payers and managed healthcare organisations may develop preferred tiers of drugs, offering to cover or reimburse certain drugs while not covering other drugs, or covering them on less favourable terms.

Biologics

Most drug products of biological origin are approved for marketing by the U.S. FDA via the Biologics License Application (the "**BLA**") process under the Public Health Service Act, rather than the NDA process under the FDCA discussed in greater detail above. The BLA process is similar to the NDA process in that both require, among other information, a demonstration of the proposed product's safety and efficacy through clinical trials conducted under an IND, appropriate manufacturing processes to ensure a consistently pure and potent product, and appropriate labelling for the proposed product's intended uses. An innovator or branded biologic is potentially subject to competition from biosimilars, which can be approved based in part on information supporting the approval of that innovator biologic, also referred to as the "reference product. "Patents on innovator biologics may be eligible for patent term extension to compensate the patent holder for useful patent life lost due to the U.S. FDA investigational and approval process. The reference product receives 12 years of non-patent

exclusivity, during which period U.S. FDA cannot approve a biosimilar that relies on the prior licensure of that reference product. In addition, a biosimilar application may not be submitted to U.S. FDA for review until 4 years after the date of first licensure of the reference product. The considerations discussed above with regard to post-approval requirements, other healthcare laws, insurance coverage and reimbursement, and similar issues generally apply with equal force to biologics.

REGULATION RELATING TO TAIWAN

Taiwan Regulation of Pharmaceutical Product Development and Approval

In Taiwan, the Taiwan Food and Drug Administration (食品藥物管理署, the "**TFDA**") of the Ministry of Health and Welfare (衛生福利部, the "**MOHW**") regulates drugs under the Pharmaceutical Affairs Act (藥事法, the "**PAA**"), and its implementing regulations.

According to the PAA and its enforcement rules, new drugs are those with an NCE, new therapeutic compounds, or new method of administration. A new drug must be approved by the TFDA before it may be legally marketed in Taiwan. The development and approval process for new drug generally proceeds as follows:

- Completion of the preclinical tests and studies;
- Application for IND;
- Clinical trial;
- NDA; and
- Approval and post-marketing monitoring.

Preclinical Tests

The data required to support an NDA is generated in two distinct development stages: preclinical and clinical. For new drugs, the preclinical development stage generally involves chemical and physical properties analysis as well as principal component stability test of the new drug through laboratory tests, confirmation of the analytical method, pharmacology studies in animals, toxicity studies and safety studies, and prescription research and formulation design. The preclinical tests must comply with the relevant regulations issued by the TFDA, which is, primarily, the Guidelines for the Safety of Non-clinical Test of Drugs (藥品非臨床試驗安全性規範, the "**GSNTD**") and the Good Laboratory Practices for Nonclinical Laboratory Studies (非臨床試驗優良操作規範, the "**GLP**"). Preclinical tests for anticancer drugs shall also comply with the Guidelines for Nonclinical Studies of Anticancer Pharmaceuticals (抗癌新藥非臨床試驗規範) under the GSNTD. The sponsor must submit the results of the preclinical test, together with other documents required in the Application Guide for Drug Clinical Trial (藥品臨床試驗申請須知, the "**Application Guide**"), including the proposed clinical protocol, to the TFDA, as part of the application for IND.

Clinical Trial

Clinical trials are conducted under written protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters for monitoring subject safety and assessing efficacy.

According to the Regulations for the Registration of Medicinal Products (藥品查驗登記審查準則, the "**RRMP**"), a human clinical trial is required for an NDA for a new drug. Human clinical trials shall be conducted in compliance with the Regulation for PAA, the Medical Care Act (醫療法, "**MCA**"), the Human Subjects Research Act (人體研究法, the "**HSRA**"), the Good Clinical Practices (藥品優良臨床試驗準則, "GCP"), various clinical trial benchmarks (including General Benchmarks for Drug Clinical Trial (藥品臨床試驗一般基準) and Benchmarks for Drug Clinical Trial for Cancer Treatment Medicines (癌症治療藥品臨床試驗基準)), Regulation on Human Trial (人體試驗管理辦法, the "**RHT**"), and other related regulations issued by the TFDA. Further, according to GCP, a human clinical trial must be conducted in a medical institution. Under the MCA, only teaching hospitals and other medical institutions with special approval from the TFDA can conduct human trials. A human clinical trial must be approved by the TFDA and the Institutional Review Board (人體試驗委員會, the "**IRB**") of such teaching hospital or medical institution.

Human clinical trials are typically conducted in the following four sequential phases:

1. Phase I clinical trial generally refers to a new drug being introduced into the human body, and includes pharmacology and initial safety evaluation studies in humans. The primary purpose of these clinical trials is to assess the metabolic effects, pharmacological reactions, side effect tolerability, and safety of the drug;

2. Phase II clinical trial generally refers to the evaluation of a drug's therapeutic effectiveness, as well as its safety. The purpose of phase II clinical trial is to decide on the volume and therapeutic method that shall be used in phase III clinical trial;

3. Phase III clinical trial is meant to clarify or confirm a drug's therapeutic effectiveness that was demonstrated in phase II clinical trial; and

4. Phase IV clinical trial refers the post-approval trials after an NDA. This trial is used to gain additional understanding from the treatment of patients in the intended disease.

According to the GCP, the investigator and the institution should conduct the trial in compliance with the protocol agreed to by the sponsor, the IRB and the TFDA. The investigator should not deviate from the protocol without the consent of the sponsor and prior approval from the IRB, except where necessary to eliminate an immediate hazard(s) to trial subjects, or when the change(s) involve only administrative aspects of the trial. For a deviation due to the elimination of immediate hazard to trial subjects mentioned above, the investigator should submit, within 7 days, the implemented deviation and the reasons for it, to the IRB and the sponsor, and to the TFDA if the trials were approved by the TFDA. In practice, the TFDA may also add a condition in the approval of the trial stating that the trial shall be amended or terminated upon the TFDA's request based on more recent scientific developments.

According to the GCP, during a trial, if any situation occurs that could significantly affect the conduct of the trial and/or increase the risk to subjects, the investigator shall promptly provide a written report to the sponsor, the IRB and the TFDA. If any SAE occurs, the investigator shall immediately report this to the sponsor, and shall provide detailed, written reports as soon as possible. If any unexpected serious adverse drug reactions occur, the investigator shall immediately report this to the IRB. However, if the event is expressly excluded from the protocol or other documents, such notification obligation would not apply to the investigator. If the sponsor becomes aware of an unexpected death or unexpected serious adverse reaction, the sponsor should notify the TFDA and provide the TFDA with a detailed written report. Further, the sponsor shall promptly notify all investigator(s), institution(s) and

the Competent Authority of any of the following situations: (1) new findings that could affect adversely the safety of subjects; (2) new findings that could impact the conduct of the trial, or (3) new findings that alter the IRB's approval to continue the trial.

The investigator and the institution should submit written summaries of the trial status to the IRB, annually. If necessary, the IRB may request more frequent reports. According to the RHT, if the IRB discovers any of the following matters during the abovementioned audit, it may order the human trial to be improved within a prescribed period of time or terminated: (1) where the contents of the human trial were altered without the approval of the IRB or TFDA as required by law; (2) where the rights, interests, or safety of the trial subject is obviously affected; (3) where the frequency or seriousness of the occurrence of adverse events is abnormal; (4) where the existence of an occurrence is sufficient to affect the evaluation of human trial results; or (5) where specific facts exist before the completion of the human trial proving that the human trial has no actual benefits, higher risks than potential benefits, or actual benefits that are disadvantageous to the control group. The TFDA, upon learning of any of the above event(s), may order the human trial to be terminated. In addition, a trial may also be terminated by the sponsor, the investigator, or the institution.

Upon completion or premature termination of a trial, the investigator and the institution shall provide the sponsor and the TFDA with any reports required, and provide the IRB with a summary of the trial's outcome. Further, the sponsor shall provide the TFDA with a complete and detailed clinical trial report.

Multinational and Multicentre Clinical Trial

For the synchronous implementation of a clinical trial with at least one of the A10 countries (Germany, US, UK, France, Japan, Switzerland, Canada, Australia, Belgium, and Sweden) (the "**A10 countries**"), the applicant may apply to the TFDA for a multinational and multicentre clinical trial review. Based on the Application Guide and the Procedure for the Review of Multinational and Multicentre Clinical Trial Protocols (多國多中心藥品臨床試驗計畫審查程序) (the "**RMMCTP**") promulgated by the TFDA, the applicant shall provide the TFDA with an approval letter issued by one of the A10 countries for the IND and a statement ("Statement of Warranty") from the applicant warranting that the protocols used in Taiwan are the same as the IND approved by the applicable A10 country. The multinational and multicentre clinical trial must be conducted through a qualified Medical Centre in Taiwan. Once the TFDA deems the documents provided to have fulfilled the requirements of the RMMCTP, an application for the clinical trial will then be made under the Procedure for Review of Multinational and Multicentre Clinical Trial Protocols for a reduction in the clinical trial application review period.

For any clinical trial approved under the RMMCTP, any subsequent amendments made to the already approved protocol require that the applicant shall provide relevant documents, the application documents, and a new Statement of Warranty to the TFDA for review and recordation when the applicant applies for an amendment to the clinical trial protocol in the A10 countries where the same clinical trial is being conducted.

If there is any misrepresentation in the application documents, the TFDA will revoke the original approval that contained the misrepresentation and all other approvals secured by the applicant under the RMMCTP. Further, the TFDA will suspend any application under the RMMCTP from such applicant. If such misrepresentation involves criminal liabilities, the TFDA will forward the matter to the judicial authorities.

Bridging Study Assessment and Bridging Study

According to RRMP, the following drugs are subject to an application with the TFDA for bridge study assessments: (1) NCE drugs; (2) genetically engineered drugs, vaccines, plasma derivatives of new molecular entities, and allergen extracts of new molecular entities; or (3) other kinds of drugs designated by the TFDA. For those drugs excluded from the above three types, whether an application for a bridge study assessment shall be filed is left to the discretion of the applicants. For an NDA that has not filed for a bridge study assessment, if the TFDA considers a bridge study assessment to be necessary, the applicant is obliged to conduct a bridge study. When applying for a bridge study assessment, the applicant should fill out the checklist for bridge study assessments and provide a complete clinical data package, preferably with data on ethnic groups in Asia. Applications for bridge study assessments can be filed prior to or together with the NDA.

Bridge study data is not required for NDAs that have been approved by the TFDA as exempt from bridge studies after the assessments. However, there should still be sufficient clinical data to justify drug efficacy and safety. If the results of the assessment suggest that a bridge study is necessary, the applicant should prepare an appropriate protocol based on the comments from the assessment and submit the protocol to the TFDA for examination. Once the protocol has been approved, the applicant should conduct the bridge study and submit the study reports and related data to the TFDA for inspection.

Further, for the NDA for an NCE drug, a bridge study may be forgone or replaced with the results of a clinical trial if such trial is conducted in compliance with the criterion set forth under Article 38-1 or Article 38-2 of the RRMP and the results of such trial are approved by the TFDA. Please refer to the section on "NDA Submission" below for more information on the criterion set forth under Article 38-1 or Article 38-2 of the RRMP.

NDA Submission

Before a drug can be marketed, the applicant should submit the NDA to the TFDA for approval. According to the RRMP, the information and documents required for the NDA include technical documents (including clinical trial reports, pharmacological effects, safety study reports, physicochemical properties, origin discovery processes and uses in other countries, as well as absorption, distribution, metabolism and excretion studies), stability study, validation report for critical manufacturing processes, validation report for analytical methods, technical documents for active pharmaceutical ingredients, photocopy of GMP compliance certificate, formulation basis or formation design study, and label and package insert, etc.

According to Article 38-1 of the RRMP, in addition to the documents mentioned in the above paragraph, following documents are required for the submission of a NDA for an NCE drug:

1. Dossiers from the phase I clinical trial conducted during the development stage in Taiwan, as well as phase III pivotal trial conducted in Taiwan simultaneously with other countries; or, alternatively, phase II clinical trial and phase III pivotal trial conducted in Taiwan simultaneously with other countries;

2. A post-approval risk management plan; and

3. If necessary, relevant documents and information for overseas site inspections, upon the request of the TFDA.

Article 38-1 of the RRMP further indicates that the results of the above clinical trial have to be approved by the TFDA and the design of the trials has to meet the following criteria:

1. In principle, there should be at least 10 valid Taiwanese subjects for a Phase I clinical trial, such as a Pharmacokinetics (the "**PK**") study or a Pharmacodynamics (the "**PD**") study;

2. In principle, there should be at least 20 valid Taiwanese subjects for a phase II clinical trial;

3. In principle, there should be at least 80 valid Taiwanese subjects for a phase III pivotal trial; and the results have to show the similarity between Taiwan and other countries; and

4. With the TFDA's approval, the numbers of trials and subjects for the aforementioned three types of clinical trials can be adjusted on grounds of the improvement in quality, safety or efficacy of the drug, the nation's welfare or special circumstances.

According to Article 38-2 of the RRMP, for an NDA for an NCE drug which has been approved by one of the A10 countries, and where the applicant has provided the TFDA with a certificate of pharmaceutical product (採用證明, the "**CPP**") issued by such country, the applicant should still submit dossiers from the clinical trials to clinically and statistically evidence the drug safety and effectiveness in the population in Taiwan. The results of such clinical trial have to be reviewed and approved by the TFDA. The TFDA may request the submission of a post-approval risk management plan, if necessary.

Article 38-2 of the RRMP further indicates that the above clinical trial has to meet the following criteria:

1. In principle, there should be at least 10 valid subjects for a phase I clinical trial, such as a PK study or a PD study, conducted in Taiwan;

2. In principle, the number of valid Taiwanese subjects in a multi-national and multi-centre phase II clinical trial should be at least 20 or more than 10% of the total subjects;

3. In principle, the number of valid Taiwanese subjects in a multi-national and multi-centre phase III clinical trial should be at least 80 or more than 10% of the total subjects;

4. For a multi-national and multi-centre phase III study involving any A10 countries and where the trial result is going to be used to support the NDA filed to the U.S. FDA or the EU European Medicines Agency, one of the following conditions has to be met:

   (1) In principle, the number of valid Taiwanese subjects should be at least 30 or 5% of the total subjects in a single trial of over 200 (inclusive) subjects; or

   (2) In principle, there should be at least 10 valid Taiwanese subjects in a single trail of less than 200 subjects.

5. With the TFDA's approval, the numbers of trials and subjects for the aforementioned four types of clinical trials can be adjusted for the sake of improved quality, safety or efficacy of the drug, national interests, or other special circumstances.

According to Article 38-4 of the RRMP, for an NDA for an NCE drug, if an applicant can provide a TFDA with a CPP from two A10 countries, a clinical trial in Taiwan may not be necessary, but the applicant would still have to apply for bridge study assessment. The TFDA could request the submission of a post-approval risk management plan, if necessary.

TFDA Review Process for NDA

All NDAs are subject to a dossier assessment. According to the RRMP, if the dossiers submitted pass the assessment, then the applicant should follow the notice issued by the TFDA and collect the license. Licenses should be collected within three months of the notice date.

In any of the 17 situations listed under Article 25 of the RRMP, an NDA will be rejected. The situations include: no application fees have been paid, or the submitted data is insufficient or does not fit with the content of the application; the major efficacy of the applied drug is unclear or insignificant or the drug fails the drug re-evaluation; the applied drug has severe side effects or safety concerns; the applied drug has an inappropriate formula, manufacturing method or dosage form; and inappropriate testing specifications or data references, etc.

Special TFDA Expedited Review and Approval Programmes

Priority Review (優先審查)

A drug that meets two of the following conditions may qualify for the priority review process:

- It is a new drug;
- The drug is intended for the treatment of a severe disease in Taiwan, and has major advantages in terms of medical care, as well as fulfilling Taiwan's unmet medical needs because of its clinical advantage;
- The drug can fulfil Taiwan's unmet public health or medical needs, and its research has been conducted using government approved aid.

For drugs that meet the above qualifications, the sponsor can apply for a priority review before the submission of the NDA. The NDA would not apply to a priority review unless the sponsor submits the approval letter for the priority review along with the NDA. The requirements for the scientific and clinical information under a priority review would be the same as that for a general review.

Fast Track (精簡審查)

An NCE drug that has been approved for market in any two of the following countries or areas, and that has no difference in terms of ethnicity, may apply for the fast track process: the US, Japan, and the EU. The applicant should provide evidence of approval from the competent authorities from two of the above countries; the assessment reports from those authorities; the most recent progress report for the risk management plan and post-marketing commitment required under the U.S. FDA, the European Union European Medicines Agency (the "**EU EMA**"), or Japan Ministry of Health, Labour and Welfare (the "**Japan MHLW**") or Japan

Pharmaceuticals and Medical Devices Agency (the "**Japan PMDA**"); and documents showing that a bridge study is unnecessary, along with the technical documents required under Article 39 of RRMP for an NDA. If the applicant cannot provide evidence that the drug has been marketed in two of the aforementioned countries, or if the description and factory information is inconsistent with said evidence, the TFDA would then use the general review process.

Under a fast track, the TFDA, generally, will primarily review the Chemistry, Manufacturing and Controls ("**CMC**"), PK/PD, and clinical information. The TFDA would defer to the assessment report made by the U.S. FDA, the EU EMA, or Japan MHLW, with regards to pharmacology studies and toxicity studies in preclinical tests, unless it considers it necessary to review the information, itself.

Accelerated Approval (加速核准機制)

If a new drug meets one of the following conditions, the applicant may apply for the accelerated approval process, whereby a surrogate endpoint can be used for the drug registration application:

- The drug is intended for severe symptoms of a severe disease in Taiwan, the drug has major advantages in terms of medical care, and it can fulfil Taiwan's unmet medical needs because of its clinical advantages;

- The drug can fulfil an unmet medical need in Taiwan and the drug has received the orphan drug designation from one of the A10 countries;

- The drug can fulfil an unmet medical need in Taiwan, the drug is not for a rare disease, and the manufacture or import of such drug to Taiwan would be difficult.

For an accelerated approval, the applicant can choose a surrogate endpoint to reduce the development time. Before the drug can be sold on the market under via an accelerated process, confirmatory trials are required either before or after the accelerated approval.

Drug Safety Monitoring

Under the Regulations for Drug Safety Monitoring (藥物安全監視管理辦法), new drugs, drugs with risk management plans, drugs with post marketing clinical trials, or other drugs designated by the TFDA, are subject to a monitoring period of 3 to 5 years, or another period designated by the TFDA. In addition to the report for severe adverse reactions, the manufacturer or importer of said drug should collect safety information regarding the use of such drug, domestically, and abroad during said period, and provide the TFDA with the safety report. The data lock points for the safety report are every 6 months for the initial 2 year period, and each year for the following 3 years, from the date that the drug license is issued by the TFDA. The applicant must submit the safety report within 90 days of the respective data lock points. Also, if the drugs are required by the TFDA to have a risk management plan, or the drug is designated as having a post-marketing clinical trial by the TFDA, the manufacturer or importer should provide the TFDA with the risk management report or post marketing clinical trial, within the period designated by the TFDA.

Information Disclosure

In addition to the trade secrets submitted during the NDA, based on the PAA and Regulations for Publication of Drug Information (藥物資料公開辦法), the TFDA could, if necessary, publicise a summary of assessment reports of drug approvals, ingredients and

instructions for the drug, a summary of clinical trial protocols, and information on the drug risk management plan and drug safety, which are submitted by pharmaceutical firms in their application for registration, holding and keeping by the TFDA. However, the TFDA shall keep in confidence any trade secrets in the NDA.

Data Exclusivity

Under the PAA, within three years after the issuance of the license for an NCE drug, no other pharmaceutical firm may apply for registration of the same drug by citing the application data submitted by said drug license holder without such holder's consent. An NCE drug that has been marketed in other countries could apply for said data exclusivity only when the holder has applied to the NDA in Taiwan within three years from the NCE drug obtaining marketing approval from any other country. Other pharmaceutical firms can cite the NCE drug application data after the said three-year period, but the TFDA would grant such pharmaceutical firms with drug license only after five years from the issuance of said NCE drug license.

For a drug that has been approved by the TFDA to supplement or amend the indications thereof, within two years after the approval of such supplements or amendments to indications, no other pharmaceutical firm may apply for registration of the same indication by citing the application data submitted by said drug license holder, without such holder's consent. After the expiration of the said two-year period, other pharmaceutical firms may cite the data submitted by said drug license holder for the registration of drugs, but the TFDA could issue a drug license only after three years of the approval of supplements or amendments to indications of said drug. However, if the holder of a drug license obtaining the approval of supplements or amendments to indications was conducting a clinical trial regarding such supplements or amendments to indications in Taiwan, the said three-year period of data exclusivity would be extended to five years, i.e., the TFDA would issue a drug license to other pharmaceutical firms only after five years of the approval of supplements or amendments to indications. The supplements or amendments to drug indications that have been marketed in other countries could apply to said data exclusivity, only when the license holder has applied the supplements or amendments to drug indications in Taiwan within two years from the supplements or amendments to drug indications obtaining regulatory approvals from any other country.

Patent Term Restoration and Marketing Exclusivity

Under the Taiwan Patent Act (專利法), where a regulatory approval shall be obtained in accordance with other laws and regulations for the exploitation of an invention patent involving a pharmaceutical, agrichemical, or the manufacturing process thereof, if such regulatory approval is obtained after the publication of the concerned invention patent, the patentee may apply for one, and only one, extension of the patent term of said invention patent, based on the first regulatory approvals. The extension of the approved patent term may not exceed the length of time that the patent cannot be exploited because of the filing of a request for the regulatory approvals with the central competent authorities in charge of the business. If the time needed to obtain the said regulatory approvals exceeds five years, the granted patent term extension shall still be five years.

Patent Linkage of Drugs

Different countries have different practices for reducing patent infringement disputes for generic drugs. In Taiwan, the PAA was amended and published, on 31 January 2018, to include a new chapter named, Patent Linkage of Drugs (from Article 48-3 to 48-22 of the PAA), which introduced a patent linkage mechanism for the purpose of reducing patent disputes after a new drug is marketed by publishing the patent information for such new drug. However, the

effective date of the above articles is subject to the further determination of the Executive Yuan. As of today, the Executive Yuan has yet to determine the effective date. In other words, the above patent linkage mechanism has not yet gone into effect in Taiwan.

National Healthcare Insurance Act

Taiwan's National Healthcare Insurance (全民健康保險, the "**NHI**") system is a compulsory social insurance programme, organised by the government under the jurisdiction of the MOHW. The National Healthcare Insurance Administration (中央健康保險署, the "**NHIA**") of the MOHW is the insurer of the NHI and responsible for operating NHI business. Its operations are partially funded out of the central government budget. The NHI Committee (全民健康保險會) under the MOHW is responsible for planning and monitoring NHI-related tasks, including a review of premiums and scope of benefits, coordination of drafting and allocation of medical benefit payments, study and interpretation of insurance laws and policies, and other supervisory functions pertaining to the NHI matters. The NHI Dispute Mediation Committee (全民健康保險爭議審議會) under the MOHW is responsible for dealing with NHI-related disputes.

Under the National Healthcare Insurance Act (全民健康保險法) (the "**NHI Act**"), all persons who are citizens of Taiwan, and who have had a registered domicile in the Taiwan area for six months or more, and all infants born in the Taiwan area, must participate in the NHI programme. Furthermore, a foreigner who has an alien resident certificate (the "**ARC**") in Taiwan must join the NHI programme if he/she has established a registered domicile in Taiwan for at least 6 months, or has a regular employer, or is newborn in Taiwan.

Based on the 2018-2019 NHI annual report, dated June 2018, 92.86% of all hospitals and clinics in Taiwan participate in NHI programmes. The medical services currently provided by the NHI include outpatient care, inpatient care, traditional Chinese medicine, dental care, child delivery, physiotherapy and rehabilitation, home health care, chronic mental illness rehabilitation, etc. The scope of medical payments includes diagnosis, examination, lab tests, consultation, surgery, anaesthesia, medication, materials, treatment, nursing, and insurance hospital rooms; essentially, all necessary healthcare services are covered by the system. The fee schedule and reference list for the above medical services, as well as drug dispensing items and fee schedule, is established jointly by the NHIA and the relevant agencies, experts, beneficiaries, employers, and contracted medical care institutions, and reports to the MOHW for approval. Drug providers, relevant experts, and patients are also invited to voice their opinions on drug dispensing items and fee schedule.

The NHI only reimburses those drugs listed under the NHI Pharmaceutical Benefits and Reimbursement Schedule (全民健康保險藥物給付項目及支付標準) (the "**Schedule**"). Under the Schedule, a drug license holder, or a contracted medical care institution, could submit a proposal to the NHIA to have a drug listed under the Schedule. Before a drug is promulgated by the MOHW, the NHIA could temporarily list such drug under the Schedule, with the approval from a joint meeting for the Schedule as required in Article 41 of the NHI Act and its related regulations, and under the principle of listing and pricing set forth under the Schedule, so that such drug would be incorporated into the NHI programme. Because the NHI is currently under the global budget payment system, which caps the total budget of the NHI for each calendar year, the NHIA is authorised under the NHI Act to reasonably to adjust the drug price, based on the market price of such drug, each year or every two years, depending on the type of the drug.

OVERVIEW OF OUR GROUP'S HISTORY

Our Group's business was founded by Dr. Tong and Dr. Guo in 2009 from their own financial resources. Please refer to "Directors and Senior Management" of this prospectus for further details of the background and relevant experience of Dr. Tong and Dr. Guo.

Since the establishment of Suzhou Kintor, our Group is focused on the proprietary R&D of potential first-in-class and best-in-class drug candidates.

MAJOR MILESTONES IN OUR GROUP'S HISTORY

The following table sets forth the major milestones in our Group's development history:

2009	We established Suzhou Kintor.
2011	We received grants from the National Science and Technology Major Project of the Twelfth Five-Year Plan (十二五國家科技重大專項) for Proxalutamide on prostate cancer.
2011 – 2012	We received funding from the Angel Investors at an aggregate amount of RMB12 million.
2013	We submitted the clinical trial application of Proxalutamide to the NMPA.
2014	We received funding from the Series A Investor at the amount of RMB20 million.
2015	We received approval from the NMPA to conduct phase I to phase III clinical trials for Proxalutamide for mCRPC in China. Proxalutamide was classified as a key designated project and a key category of drug subject to special review process. We received approval from the U.S. FDA to commence phase I and phase II clinical trials for Proxalutamide for mCRPC in the United States. We received the first investment from the Series B Investors at an aggregate amount of approximately US$6 million (equivalent to approximately RMB42 million).
2016	The shares of Suzhou Kintor became quoted on the NEEQ. We commenced phase I and phase II clinical trials for Proxalutamide for mCRPC in the United States. We completed phase I clinical trials for Proxalutamide for mCRPC in China.
2017	We received approval from the NMPA to commence phase I to phase III clinical trials for Proxalutamide for breast cancer in China. We received funding from the National Science and Technology Major Project of the Thirteenth Five-Year Plan (十三五國家科技重大專項) for Proxalutamide on prostate cancer and breast cancer. We received the second investment from Series B Investors at an aggregate amount of approximately RMB33 million.

2018	We completed phase II clinical trials for Proxalutamide for mCRPC in China. We received funding from the National Science and Technology Major Project of the Thirteenth Five-Year Plan (十三五國家科技重大專項) for ALK-1 antibody. We commenced phase III clinical trials for Proxalutamide for mCRPC in China. We received IND approval for KX-826 for androgenetic alopecia in China and the United States. We commenced phase I clinical trials for KX-826 for androgenetic alopecia in China. We received funding from the Series C Investors at an aggregate amount of approximately RMB288.47 million. We voluntarily ceased to have the shares of Suzhou Kintor be quoted on the NEEQ in June 2018.
2019	We commenced phase I clinical trials for KX-826 for androgenetic alopecia in the United States. We received funding from the Series D Investors at an aggregate amount of approximately US$44 million (equivalent to approximately RMB308 million).

PRINCIPAL SUBSIDIARIES

Please refer to the Accountant's Report set out in Appendix I to this prospectus for further details of the subsidiaries which principally affected the results, assets or liabilities of our Group.

The following chart sets out the details of certain principal subsidiaries of our Group that made a material contribution to our results of operations during the Track Record Period and as of the Latest Practicable Date.

Name	Place of Establishment	Date of Establishment and Commencement of Business	Registered Capital	Principal Business Activities
Suzhou Kintor	PRC	24 March 2009	RMB21,919,442	Proprietary R&D of potential first-in-class and best-in-class drug candidates
Suzhou Koshine	PRC	21 September 2010	RMB7,500,000	R&D of KX-826

Suzhou Kintor

Suzhou Kintor was established as a limited company in the PRC on 24 March 2009, with an initial registered capital of RMB1 million and its principal business being proprietary R&D of potential first-in-class and best-in-class drug candidates. Upon establishment, 50% equity interest in Suzhou Kintor was held by Ms. Minzhi Tong for and on behalf of Dr. Tong pursuant to a shareholding entrustment agreement dated 20 March 2009 and the remaining 50% equity interest was subsequently transferred by the other initial shareholder of Suzhou Kintor, an independent third party, to Ms. Peijuan Chen who held for and on behalf of Dr. Guo pursuant to a shareholding entrustment agreement dated 8 December 2009 (together, the "**Kintor Entrustment Arrangements**"). By September 2015, the Kintor Entrustment Arrangements were terminated, following which, where Suzhou Kintor has completed the investments by relevant Pre-IPO investors, Dr. Tong and Dr. Guo held 25.56% and 25.56% equity interest in Suzhou Kintor, respectively, with the remaining 48.88% shareholding held by the then Pre-IPO Investors. On 1 September 2015, Ms. Minzhi Tong and Dr. Tong, and Ms. Peijuan Chen and Dr. Guo entered into a share transfer agreement, respectively, in which the signing parties agreed that, among other things, the title of the respective shares held by Ms. Minzhi Tong and Ms. Peijuan Chen to be transferred back to Dr. Tong and Dr. Guo. The purposes of the Kintor Entrustment Arrangements were for the convenience of the administration and day-to-day operation of Suzhou Kintor in view of the American nationality of both Dr. Tong and Dr. Guo. Considering Dr. Tong and Dr. Guo are citizens of the United States, it would be extremely cumbersome for them to be involved in the administrative matters in connection with the setup and subsequent registrations with the relevant authorities in the PRC. For example, in the matters such as establishment of Suzhou Kintor, changes in equity interest, changes in business premises or other major matters which require shareholders' resolutions or board resolutions, notarisation registration is required as Dr. Tong and Dr. Guo are non-Chinese citizens. With the Kintor Entrustment Arrangements, Dr. Tong could focus on the R&D activities and the management of our Group. As confirmed by our PRC legal advisers, the Kintor Entrustment Arrangements did not violate any applicable laws or regulations in the PRC.

In April 2016, Suzhou Kintor sought for quotation on the NEEQ and became a joint stock limited company on 7 April 2016 by converting RMB18,781,085 of its net assets into 18,781,085 shares of RMB1.00 each. Please refer to "– Prior Quotation on the NEEQ and Delisting" below for further details of quotation on the NEEQ.

Suzhou Koshine

Suzhou Koshine was established as a limited company in the PRC on 21 September 2010 with an initial registered capital of RMB1 million. Suzhou Koshine is primarily engaged in the R&D of Pyrilutamide (KX-826), a potential first-in-class small molecule AR antagonist for topical dermatological use. On a very limited basis, Suzhou Koshine was also engaged in the sale of acne-related cosmetics for topical dermatological use manufactured by a third party contractor, which was ceased in 2018 due to Suzhou Koshine's strategy to concentrate on the R&D of Pyrilutamide. Upon its establishment, 50% equity interest in Suzhou Koshine was held by Ms. Minzhi Tong for and on behalf of Dr. Tong and 50% equity interest in Suzhou Koshine was held by Ms. Peijuan Chen for and on behalf of Dr. Guo (the "**Koshine Entrustment Arrangements**"). Prior to our acquisition of control of Suzhou Koshine, 29% and 25% equity interest in Suzhou Koshine was held by Ms. Minzhi Tong for and on behalf of Dr. Tong, and by Ms. Peijuan Chen for and on behalf of Dr. Guo, respectively, and the remaining 46% equity interest in Suzhou Koshine was held by other original shareholders (the "**Remaining Original Shareholders of Suzhou Koshine**"). Amongst the Remaining Original Shareholders of Suzhou Koshine, Ms. Yuxiao Liu, Mr. Yong Li and Mr. Xuehong Cheng are directors of Suzhou Koshine since 15 August 2012, 6 July 2018 and 6 July 2018, respectively. On 27 November

2018, we acquired control of Suzhou Koshine, which was a wholly owned subsidiary of our Company as at the Latest Practicable Date. Please refer to "– Acquisition of Control of Suzhou Koshine" below for further details. On 7 November 2018, Ms. Minzhi Tong and Dr. Tong, and Ms. Peijuan Chen and Dr. Guo entered into a confirmation letter, respectively, to acknowledge and confirm, among other things, the existence of the Koshine Entrustment Arrangements prior to our acquisition of control of Suzhou Koshine and the termination of the Koshine Entrustment Arrangements at the time of our acquisition of control of Suzhou Koshine. The Koshine Entrustment Arrangements were established for the same reasons given above with respect to the Kintor Entrustment Arrangements. As confirmed by our PRC legal advisers, the Koshine Entrustment Arrangements did not violate any applicable laws or regulations in the PRC.

Changshu Kintor

We established Changshu Kintor Pharmaceuticals Co., Ltd. ("**Changshu Kintor**") in October 2015 at Jiangsu Changshu Advanced Materials Industrial Park (the "**Changshu Industrial Park**") with the intention to acquire land in the Changshu area for our manufacturing facilities. Following the establishment of Changshu Kintor, we were advised by the Changshu Industrial Park that there was a delay in obtaining the approval for the environmental impact assessment report for the Changshu Industrial Park, and we would not be able to construct our manufacturing facilities as planned. In order to avoid any delay in the clinical trials of our drug candidates, we obtained an MAH approval that enables us to engage CMOs and we also actively searched for other locations for the construction of our manufacturing facilities. As Changshu Kintor had not engaged in any substantive operations since its establishment and we subsequently decided to construct our manufacturing facilities in Suzhou, we deregistered Changshu Kintor in October 2018. As advised by our PRC legal advisers, Changshu Kintor had complied with all applicable laws and regulations during the Track Record Period prior to its deregistration.

PRIOR QUOTATION ON THE NEEQ AND DELISTING

On 28 September 2016, Suzhou Kintor received the letter from National Equities Exchange and Quotations System Co., Ltd. (全國中小企業股份轉讓系統有限責任公司), granting approval for the quotation and trading by way of negotiated transfer of shares of Suzhou Kintor on NEEQ. The shares of Suzhou Kintor became quoted on the NEEQ (stock code: 839419) on 12 December 2016. On 21 June 2018, for reasons as set out in the section headed "Reasons for Seeking the Listing on the Stock Exchange" below and after taking into account factors including our business development and strategic needs, maintenance cost for quotation on the NEEQ and attraction of subsequent investment, the shares of Suzhou Kintor voluntarily ceased to be quoted (the "**Delisting**") on the NEEQ with a market capitalisation of approximately RMB2,038.39 million, based on the closing price of the last trading day before the Delisting of RMB89.03 per share. The Delisting was approved by then shareholders holding 22,895,590 shares at a general meeting of Suzhou Kintor held on 25 May 2018, representing 100% of the shares entitled to vote on this matter. An application for delisting was filed by Suzhou Kintor on 1 June 2018 and Suzhou Kintor was delisted from the NEEQ, effective from 21 June 2018. No privatisation offer was made in connection with the Delisting.

As a result of the NEEQ listing, Suzhou Kintor received (i) an aggregate amount of RMB32,998,233.18 from the Second Investment by Series B Investors, which have been fully utilised for business development and general working capital purposes; and (ii) an aggregated amount of RMB288,470,376.44 from the Series C Investment, which has been fully utilised for R&D of anti-cancer new drugs and general working capital purposes.

Our Directors confirm that Suzhou Kintor had been in compliance with applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and to the best knowledge of our Directors after having made all reasonable enquiries, there is no other matter that should be brought to the attention of the investors and regulators in relation to (i) our compliance record on the NEEQ during the period when the shares of Suzhou Kintor were quoted on the NEEQ and (ii) the Delisting (the "**Confirmation**"). The Sole Sponsor, having considered (a) the confirmations in writing from our Company and each of our Directors who were directors of Suzhou Kintor during its listing on the NEEQ and (b) the view of our PRC legal advisers that during the listing on the NEEQ, Suzhou Kintor and its then directors had not been subject to disciplinary action or administrative penalty by the NEEQ, the CSRC or its local agency for any violation of laws and regulations, concurs with the Confirmation.

Reasons for Seeking the Listing on the Stock Exchange

Our Directors believe that the Listing will be in the interests of our Group's business development strategies, and would be beneficial to us and our Shareholders as a whole for the following reasons:

(a) the NEEQ is a trading platform in the PRC for off market transfer of non-listed public shares by qualified investors only and it adopts a market maker, negotiated transfer or price competing transfer trading mechanism, which might limit price discovery and order execution. The relatively low liquidity of the shares quoted on the NEEQ would generally make it difficult for the companies to publicly raise funds, in equity or debt, to continuously support our business growth;

(b) in contrast, the Stock Exchange, as a leading player of the international financial markets, serves as the ideal listing venue for us by virtue of its strong business ties with Chinese investors and business partners. As a company principally engaged in proprietary R&D of potential first-in-class and best-in-class drug candidates, it is important for us to have a viable source of capital to finance our R&D and business growth after launch of our core products. The Stock Exchange could offer us a direct access to the international capital markets, enhance our fund-raising capabilities and channels and broaden our Shareholders base. The Shanghai and Shenzhen Stock Connect programme between the PRC and Hong Kong also allows the Chinese investors, who are more familiar with our business and operation, to invest in us through such programme after the Listing;

(c) Listing would also enable our Company to devise more appealing share incentive plans, which correlates directly to the performance in our Group's business and will in turn help us attract and motivate the talents needed to support our rapid growth and enhance our operating efficiency on an ongoing basis; and

(d) Listing on the Stock Exchange will further raise our business profile and thus, enhance our ability to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business.

PRE-IPO INVESTMENTS

Overview

Our Company underwent five rounds of investments by the Pre-IPO Investors:

- between 2010 and 2012, our founders and Suzhou Kintor, among others, entered into the investment agreements with the Angel Investors, pursuant to which the Angel Investors agreed to subscribe for total 31.42% equity interest in Suzhou Kintor for total consideration of RMB12 million upon completion of subscription by Angel Investors;

- in 2014, our founders and Suzhou Kintor, among others, entered into the investment agreement with the Series A Investor, pursuant to which the Series A Investor agreed to subscribe for total 12.9% equity interest in Suzhou Kintor for total consideration of RMB20 million upon completion of subscription by Series A Investor;

- in 2015 and 2017 respectively, our founders, Suzhou Kintor, among others, entered into various investment agreements with the Series B Investors, pursuant to which the Series B Investors agreed to subscribe for total 14.42% equity interest in Suzhou Kintor for total consideration of approximately RMB42 million and total 874,357 shares of Suzhou Kintor, representing approximately 4.45% of the then issued share capital of Suzhou Kintor for total consideration of approximately RMB33 million upon completion of subscription by Series B Investors;

- between 2017 and 2018, our founders, Suzhou Kintor, among others, entered into the investment agreements with the Series C Investors, pursuant to which the Series C Investors agreed to acquire or subscribe for total 3,240,148 shares representing 14.15% of the entire issued share capital of Suzhou Kintor as at the completion of the Series C Investment, at a price of RMB89.03 per share of Suzhou Kintor for total consideration of approximately RMB288 million; and

- in 2019, the Company entered into the subscription agreements with the Series D Investors, pursuant to which the Series D Investors agreed to acquire or subscribe for total 2,299,975 Shares representing 8.30% of the entire issued share capital of the Company as at the completion of the Series D Investment, at a price of approximately US$19.1515 per Share for total consideration of approximately US$44 million (equivalent to RMB308 million).

Angel Series Investment

Between 2010 and 2012, the Angel Investors entered into various investment agreements and equity interest transfer agreements for the purpose of Angel Series Investment. The principal terms of the Angel Series Investment are set out below:

Name of Angel Investors	Legend Star	Origin VC	Rongfeng*(Note 2)*	Incubator Investment*(Note 2)*
Date of initial investment agreement	30 June 2012	9 November 2010	9 November 2010	26 August 2011

Name of Angel Investors	Legend Star	Origin VC	Rongfeng[(Note 2)]	Incubator Investment[(Note 2)]
Total amount of consideration	RMB9,500,000	RMB1,250,000	RMB1,250,000	Nil
Valuation of our Group prior to investment	RMB38,000,000	RMB15,000,000	RMB15,000,000	Not applicable
Discount to the Offer Price[(Note 1)]	98.04%	99.10%	Not applicable	Not applicable
Payment date of the consideration	9 August 2012	18 May 2011	18 May 2011	Not applicable
Basis of determination of consideration	The consideration was determined based on arm's length negotiations between each of the Angel Investors, our founders and Suzhou Kintor with reference to the latest valuation of Suzhou Kintor at the respective time of their relevant investments.			
Equity interest in Suzhou Kintor being acquired or subscribed for under the investment agreement	20%	7.14%[(Note 2)]	7.14%	7.14%
Use of proceeds from the Angel Series Investment	The proceeds have been fully utilised for R&D of anti-cancer new drugs.			
Strategic benefits to Group	Our Directors are of the view that our Company could benefit from the Angel Investors' commitment to our Company and their investments demonstrate their confidence in our Group's operation and serve as an endorsement of our Company's performance strength and prospects.			

Notes:

1. The discount to the Offer Price is calculated based on HK$18.98 per Share, being the mid-point of the indicative Offer Price of HK$17.80 to HK$20.15.

2. On 23 November 2011, Rongfeng completed the registration of transfer of the entire equity interests it held in Suzhou Kintor to Incubator Investment for nil consideration for group internal restructuring purposes pursuant to an equity interest transfer agreement dated 26 August 2011.

   On 7 August 2014 the registration of transfer was completed under which Origin VC acquired all the equity interest in Suzhou Kintor held by Incubator Investment at the consideration of RMB1,490,000 pursuant to an equity interest transfer agreement dated 20 June 2014.

The equity interests of Suzhou Kintor as at the respective dates of completion of registration of equity interest subscriptions and transfers are set out as follows:

	Equity interest in Suzhou Kintor			
Holders of equity interest in Suzhou Kintor	**as of 1 June 2011**	**as of 23 November 2011**	**as of 12 September 2012**	**as of 7 August 2014**
Minzhi Tong	42.86%	42.86%	34.29%	29.87%
Peijuan Chen	42.86%	42.86%	34.29%	29.87%
Origin VC	7.14%	7.14%	5.71%	9.94%
Rongfeng	7.14%	–	–	–
Incubator Investment		7.14%	5.71%	–
Legend Star			20%	17.42%
BioVenture Investment				12.90%
Total	100%	100%	100%	100%

Background of Angel Investors

Legend Star was established as a limited company in the PRC on 9 January 2012, which is wholly owned by Legend Holdings Corporation and a sophisticated investor mainly focused on investment in start-up companies across healthcare, artificial intelligence, telecommunications, media and technology industries. Its portfolio companies include, among others, our Company, Coyote Bioscience, PegBio, MEDATC and Burning Rock, which are all companies in the healthcare industry.

Origin VC was established as a limited company in the PRC on 26 March 2008, which is wholly owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd. (中新蘇州工業園區創業投資有限公司) and mainly focused on investment in start-up companies across healthcare, telecommunications, media and technology industries.

All of Origin VC and Legend Star and their respective shareholders are parties independent of our Company and its connected persons.

Series A Investment

On 30 June 2014, our founders, Suzhou Kintor and the existing shareholders of Suzhou Kintor entered into an investment agreement with BioVenture Investment. The principal terms of the Series A Investment are set out below:

Name of Series A Investor	BioVenture Investment
Date of initial investment agreement	30 June 2014
Total amount of consideration	RMB20 million
Payment date of the consideration	31 July 2014

Valuation of the Group prior to investment	RMB135,000,000
Discount to the Offer Price(*Note 1*)	94.42%
Basis of determination of consideration	The consideration was determined based on arm's length negotiations between each of the Series A Investor, our founders and Suzhou Kintor with reference to the latest valuation of Suzhou Kintor at the respective time of the relevant investment.
Equity interest in Suzhou Kintor being subscribed for	12.9%
Use of proceeds from Series A Investment	The proceeds have been fully utilised for R&D of anti-cancer new drugs.
Strategic benefits to Group	Our Directors are of the view that our Company could benefit from the Series A Investor's commitment to our Company and its investments demonstrate its confidence in our Group's operation and serve as an endorsement of our Company's performance strength and prospects.

Note:

1. The discount to the Offer Price is calculated based on HK$18.98 per Share, being the mid-point of the indicative Offer Price of HK$17.80 to HK$20.15.

Background of Series A Investor

BioVenture Investment is a limited partnership established in the PRC on 28 October 2013, which is managed by SIP Sungent BioVenture Venture Capital Investment Partnership (LP) (蘇州工業園區元生創業投資管理有限公司) and a sophisticated investor mainly focused on early and growth stage life science and healthcare investment. Its portfolio include companies across new drug, medtech, diagnosis and health services sectors such as Creative Biosciences (Guangzhou) CO., Ltd.（廣州康立明生物科技有限公司） and Suzhou Nanomicro Technology Co., Ltd （蘇州納微科技股份有限公司）.

BioVenture Investment and its general partners and limited partners or shareholders, as the case may be, are parties independent of our Company and its connected persons.

Series B Investment

The Series B Investors made two investments under the Series B Investment. For the first investment (the "**First Investment**"), on 17 July 2015, our founders, Suzhou Kintor and the existing shareholders of Suzhou Kintor entered into an investment agreement with Highlight Medical and Taihong Jinghui; and on 27 December 2015, BioVenture Investment and Joinne MingYuan entered into an equity interest transfer agreement. For the second investment (the "**Second Investment**"), on 13 February 2017 Suzhou Kintor resolved to issue additional new

shares to Series B Investors, where an aggregate amount of RMB32,998,233.18 has been received by Suzhou Kintor on 26 April 2017 for the subscription of 874,357 shares of Suzhou Kintor by Series B Investors. The principal terms of the Series B Investment are set out below:

Name of Series B Investors	Highlight Medical	Taihong Jinghui	Joinne MingYuan
Date of initial investment agreement	17 July 2015	17 July 2015	27 December 2015
Total amount of consideration	An aggregate amount of approximately RMB45,467,719.58 which consists of: (i) US$3.9 million (or equivalent in RMB27,266,850) under the First Investment; and (ii) RMB18,198,869.58 under the Second Investment.	An aggregate amount of approximately RMB24,481,529.70 which consists of (i) US$2.1 million (or equivalent in RMB14,682,150) under the First Investment; and (ii) RMB9,799,379.70 under the Second Investment.	The aggregate amount of RMB9,999,983.90 which consists of (i) RMB5 million as consideration by Joinne MingYuan to BioVenture Investment under the First Investment; and (ii) RMB4,999,983.90 under the Second Investment.
Payment date of the consideration	23 October 2015 under the First Investment and 26 April 2017 under the Second Investment	23 October 2015 under the First Investment and 26 April 2017 under the Second Investment	1 February 2016 under the First Investment and 26 April 2017 under the Second Investment
Valuation of the Group prior to investment	US$35,618,826	US$35,618,826	RMB657,894,737(Note 3)
Discount to the Offer Price(*Note 1*)	88.27%	88.27%	78.98%
Basis of determination of consideration	The consideration was determined based on arm's length negotiations between each of the Series B Investors, our founders and Suzhou Kintor with reference to the latest valuation of Suzhou Kintor at the respective time of their relevant investments.		
Equity interest in Suzhou Kintor being acquired or subscribed for	8.18%(*Note 2*)	4.40%(*Note 2*)	1.40%(*Note 2*)
Use of proceeds from Series B Investment	The proceeds have been fully utilised for business development and general working capital purposes.		
Strategic benefits to Group	Our Directors are of the view that our Company could benefit from the Series B Investors' commitment to our Company and their investments demonstrate their confidence in our Group's operation and serve as an endorsement of our Company's performance strength and prospects.		

Notes:

1. The discount to the Offer Price is calculated based on HK$18.98 per Share, being the mid-point of the indicative Offer Price of HK$17.80 to HK$20.15.

2. Highlight Medical and Taihong Jinghui subscribed for 9.37% and 5.05% equity interest in Suzhou Kintor respectively in the First Investment. On 22 December 2015, Highlight Medical and Taihong Jinghui respectively transferred 3.38% and 1.82% equity interest in Suzhou Kintor to Hongtuo Investment at the respective consideration of US$183,947 (or equivalent in RMB) and US$247,621 (or equivalent in RMB). Hongtuo Investment is a limited partnership established in the PRC on 22 December 2015 for the purpose of an employee share scheme.

   After Suzhou Kintor's conversion into a joint stock limited company in April 2016, each of Highlight Medical, Taihong Jinghui and Jonnie MingYuan subscribed for 482,217, 259,655 and 132,485 shares in Suzhou Kintor in the Second Investment. Subsequent to the completion of the Second Investment, the shareholding of Suzhou Kintor is set out as follows:

Shareholders of Suzhou Kintor	**Number of shares in Suzhou Kintor**	**Percentage of shareholding in Suzhou Kintor**
Youzhi Tong	4,800,400	24.42%
Chuangxing Guo	4,800,400	24.42%
Legend Star	2,800,000	14.25%
BioVenture Investment	1,930,700	9.82%
Highlight Medical	1,607,651	8.18%
Origin VC	1,599,200	8.14%
Hongtuo Investment	976,148	4.97%
Taihong Jinghui	865,658	4.40%
Jonnie MingYuan	275,285	1.40%
Total	19,655,442	100.00%

3. The valuation of the Group as at the acquisition by Joinne MingYuan from BioVenture Investment was calculated with reference to the proportional value of 0.76% equity interest in Suzhou Kintor, which equals to RMB5 million divided by 0.76%.

Background of Series B Investors

Highlight Medical is a limited company incorporated in Hong Kong on 17 April 2015, which is wholly owned by Highlight Capital Partners I L.P. and mainly focused on investment in healthcare companies. Highlight Capital Partners I L.P. is an exempted limited partnership established under the laws of the Cayman islands, the general partner of which is Highlight Capital GP I Company Limited.

Taihong Jinghui is a limited partnership established in the PRC on 22 July 2014, which is indirectly managed by Jiangsu Honghui Equity Investment Management Co., Ltd. (江蘇弘暉股權投資管理有限公司) and mainly focused on investment in healthcare companies.

Joinne MingYuan is a limited partnership established in the PRC on 17 March 2015, which is managed by SIP Joinne MingYuan Venture Capital Management Co., Ltd (蘇州工業園區中億明源創業投資管理有限公司). It advocates long-term value growth strategies, while focusing on investments in entrepreneurships with high growth potential.

All of Highlight Medical, Taihong Jinghui and Joinne MingYuan and their respective general partners and limited partners or shareholders, as the case may be, are parties independent of our Company and its connected persons.

Series C Investment

In 2017 and 2018, Series C Investors entered into various share subscription agreements or share transfer agreements for the purpose of Series C Investment in Suzhou Kintor and the principal terms of which are set out below:

Name of Series C Investors	Green Pine	Dongzheng Tengcong	Beixin Fund	Highlight Medical	Jirun Investment	CCB Investment[(Note 2)]	Origin VC	Lhasa Qingzhe	CCBI Wealth Management[(Note 2)]	Cherry Cheeks[(Note 3)]
Date of initial investment agreement	31 December 2017	31 December 2017	11 January 2018	31 December 2017	31 December 2017	11 January 2018	11 January 2018	31 December 2017	13 February 2018	30 March 2018
Total amount of consideration	RMB70,000,015.56	RMB49,999,960.24	RMB39,999,932.58	RMB35,000,007.78	RMB29,999,993.95	RMB29,999,993.95	RMB23,470,444.72	RMB10,000,027.66	RMB19,942,720	RMB32,622,016.48
Payment date of the consideration	12 February 2018	13 February 2018	28 February 2018	11 February 2018	9 February 2018	13 February 2018	12 February 2018	9 February 2018	14 May 2018	8 August 2018
Number of shares in Suzhou Kintor being acquired or subscribed for	786,252	561,608	449,286[(Note 4)]	393,126	336,965	336,965[(Note 2)]	263,624	112,322	224,000[(Note 2)]	366,416
Price paid per share of Suzhou Kintor	RMB89.03									
Valuation of the Group prior to investment	RMB1,749,924,001.26									
Discount to the Offer Price[(Note 1)]	48.49%									
Basis of determination of consideration	The consideration was determined based on arm's length negotiations between the Series C Investors, our founders and Suzhou Kintor with reference to the financial conditions of Suzhou Kintor and taking into account the price earning ratio of the industry.									
Use of proceeds from Series C Investment	The proceeds have been fully utilised for R&D of anti-cancer new drugs and general working capital purposes.									
Strategic benefits to Group	Our Directors are of the view that our Company could benefit from the Series C Investors' commitment to our Company and their investments demonstrate their confidence in our Group's operation and serve as an endorsement of our Company's performance strength and prospects.									

Notes:

1. The discount to the Offer Price is calculated based on HK$18.98 per Share, being the mid-point of the indicative Offer Price of HK$17.80 to HK$20.15.

2. CCBI Wealth Management acquired 224,000 shares of Suzhou Kintor from CCB Investment at the consideration of RMB19,942,720 pursuant to a share transfer agreement dated 13 February 2018 supplemented by an agreement dated 13 March 2019. Upon completion of the transfer, CCB Investment held 112,965 shares of Suzhou Kintor and CCBI Wealth Management held 224,000 shares of Suzhou Kintor.

3. Cherry Cheeks acquired 366,416 shares of Suzhou Kintor from Taihong Jinghui at the consideration of the USD equivalent of RMB32,622,016.48 pursuant to a share transfer agreement dated 30 March 2018. Upon completion of the transfer, Taihong Jinghui held 499,242 shares of Suzhou Kintor and Cherry Cheeks held 366,416 shares of Suzhou Kintor.

4. On 1 March 2018, Suzhou Kintor and Beixin Fund entered into a supplemental agreement to amend the number of subscription shares in Suzhou Kintor from 449,287 to 449,286.

Background of Series C Investors

Green Pine was established as a limited partnership in the PRC on 17 March 2016, which is managed by Green Pine Capital Partnership (LLP) (深圳市松禾國際資本管理合夥企業(有限合夥)) and mainly focused on equity investment.

Dongzheng Tengcong was established as a limited partnership in the PRC on 8 April 2016, which is managed by Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司) and mainly focused on industrial investment and investment management.

Beixin Fund was established as a limited partnership on 29 December 2017, which is managed by Hangzhou Betta Capital Management Co., Ltd. (杭州貝加投資管理有限責任公司) and focused on the investment of life science industry.

Jirun Investment was established as a limited partnership in the PRC on 29 June 2017, which is managed by Shanghai Broad Resource Investment Management Co., Ltd. (上海博潤投資管理有限公司) and mainly focused on venture capital, equity investment and project investment.

CCBI Wealth Management was established as a limited company in the PRC on 9 December 2008, which is an indirect wholly owned subsidiary of CCB International (Holdings) Limited and mainly focused on equity investment. CCB International (Holdings) Limited is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (Stock code: 939) and the Shanghai Stock Exchange (Stock code: 601939).

CCB Investment was established as a limited partnership on 17 October 2017, which is managed by CCB Investment Venture Capital Management (Kunshan) Co., Ltd. (建創中民創業投資管理(昆山)有限公司) and mainly focused on venture capital.

Lhasa Qingzhe was established as a limited partnership in the PRC on 30 June 2016, which is managed by Lhasa Shanhe Chuangye Investment Management Co., Ltd. (拉薩杉禾創業投資管理有限公司) and mainly focused on venture capital.

Cherry Cheeks was incorporated in Hong Kong as a private company limited by shares on 10 November 2017. Cherry Cheeks is wholly owned by HL Partners II L.P., the general partner of which is HL GP II Company Limited.

All of Green Pine, Dongzheng Tengcong, Beixin Fund, Highlight Medical, Jirun Investment, Origin VC, CCBI Wealth Management, CCB Investment, Lhasa Qingzhe and Cherry Cheeks, and their respective general partners and limited partners or shareholders, as the case may be, are parties independent of our Company and its connected persons.

Series D Investment

In 2019, the Company entered into various investment agreements and supplemental agreements with the Series D Investors and the principal terms of which are set out below:

Name of Series D Investors	Shanghai FTZ Fund	Zhuhai Huajin	CCBI Tech Venture	Beijing Yirongchuang	Guangzhou Chengfa	Chengdu Hi-Tech FTZ	Cheung Ming Ming	Cherry Cheeks	Sinvas Asset	Beijing Yicheng Hongtai
Date of initial investment agreement	28 April 2019	15 May 2019	22 May 2019	29 April 2019	6 June 2019	28 April 2019	29 May 2019	24 May 2019	23 April 2019	29 April 2019
Number of Shares subscribed	626,583	417,722	365,507	270,000	261,077	154,035	78,323	69,113	52,215	5,400
Total amount of consideration	US$12,000,000	US$8,000,000	US$7,000,000	US$5,170,901	US$5,000,000	US$2,950,000	US$1,500,000	US$1,323,617.62	US$1,000,000	US$103,418
Payment date of the consideration	27 August 2019	14 August 2019	17 September 2019	28 August 2019 and 9 September 2019 respectively	12 September 2019	5 September 2019	12 August 2019	13 August 2019	8 August 2019	28 August 2019 and 9 September 2019 respectively
Valuation of the Group prior to investment	US$460,000,000									
Price paid per Share	approximately US$19.1515									
Discount to the Offer Price[(Note 1)]	21.74%									
Basis of determination of the consideration	The consideration for the share purchases was determined based on arm's length negotiations with regard to our group's financial conditions and operational results.									
Lock-up period	Unless the Series D Investors have obtained prior written consent of the Company, they will not, and will cause their affiliates not to, whether directly or indirectly, at any time from the date of Listing until the expiry of the sixth months of the completion of Listing, (i) lend, offer, pledge, hypothecate, hedge, grant, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of or create an encumbrance over, or enter into any other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any subscribed share; (ii) enter into any transactions directly or indirectly, in whole or in part, with the same economic effect as any aforesaid transactions; (iii) publicly announce any intention to enter into any aforesaid transaction; and (iv) agree or announce any intention to enter into or contract to do any aforesaid transactions. In connection with the Listing, upon request of the underwriters (or a representative of the underwriters) thereof, the Series D Investors shall execute and deliver an undertaking with the same terms as set out above in the lock-up provision in favour of such underwriters (or representative of underwriters).									
Use of proceeds from Series D Investment	The proceeds have been partially utilised for the growth and expansion capital, capital expenditures and general working capital needs related to the Group and the red-chip corporate restructuring of the Group.									
Strategic benefits to Group	Our Directors are of the view that our Company could benefit from the Series D's commitment to our Company and their investments demonstrate their confidence in our Group's operation and serve as an endorsement of our Company's performance strength and prospects.									

Note:

1. The discount to the Offer Price is calculated based on HK$18.98 per Share, being the mid-point of the indicative Offer Price of HK$17.80 to HK$20.15.

Background of Series D Investors

Shanghai FTZ Fund was established as a limited partnership on 19 May 2015, which is managed by Shanghai Free Trade Zone Equity Investment Fund Management Co., Ltd. (上海自貿區股權投資基金管理有限公司) and mainly focused on equity investment, venture capital, asset management, investment consulting and corporate management. Shanghai International Airport Co., Ltd. (上海國際機場股份有限公司), a limited company listed on the Shanghai Stock Exchange (stock code: 600009), China Cinda Asset Management Co., Ltd (中國信達資產管理股份有限公司) and China Orient Asset Management Co., Ltd (中國東方資產管理股份有限公司) each take up approximately 33.31% of Shanghai FTZ Fund's shareholding.

Zhuhai Huajin was established as a limited partnership on 31 January 2019, which is managed by Zhuhai Huajin Lingchuang Fund Management Co., Ltd. (珠海華金領創基金管理有限公司) and mainly focused on equity investment, venture capital and fund management.

CCBI Tech Venture was established as a limited partnership on 1 December 2017, which is managed by Tianjin CCB International Jinhe Equity Investment Management Limited (天津建銀國際金禾股權投資管理有限公司) and mainly focused on non-securities equity investment, venture capital, investment management, asset management and investment consulting.

Beijing Yirongchuang was established as a limited partnership on 18 December 2015, which is managed by Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司) and mainly focused on technology investment, investment management, project management and asset management.

Guangzhou Chengfa was established as a limited company on 24 March 2014. It is indirectly wholly owned by the Finance Bureau of Guangzhou Municipality (廣州市財政局).

Chengdu Hi-Tech FTZ was established as a limited partnership on 12 February 2018, which is managed by Shanghai Free Trade Zone Equity Investment Fund Management Co., Ltd. (上海自貿區股權投資基金管理有限公司) and mainly focused on advisory services regarding investment in non-publicly traded equities of listed companies and trading of non-listed companies' securities. Shanghai FTZ Fund Phase III and Sichuan Innovation and Venture Capital Investment Fund Partnership (四川省創新創業股權投資基金合夥企業) each take up 47.62% of Chengdu Hi-Tech FTZ's shareholding.

Cheung Ming Ming is an individual investor.

Sinvas Asset was incorporated in Singapore as a private company limited by shares on 22 February 2018. It is wholly owned by Tang Pu Investment Holdings Pte. Ltd..

Beijing Yicheng Hongtai was established as a limited company on 8 December 2015, whose largest shareholder, First Capital Securities Co., Ltd (第一創業證券股份有限公司), indirectly holds 35.01%. First Capital Securities Co., Ltd is a limited company listed on the Shenzhen Stock Exchange (stock code: 002797).

All of Shanghai FTZ Fund, Chengdu Hi-Tech FTZ, Sinvas Asset, Guangzhou Chengfa, Beijing Yicheng Hongtai, Beijing Yirongchuang, Cherry Cheeks, Zhuhai Huajin, CCBI Tech Venture and their respective general partners and limited partners or shareholders, as the case may be, are parties independent of our Company and its connected persons.

In connection with the Pre-IPO Investments, the Pre-IPO Investors entered into the investment agreements or share subscription or transfer agreements at the respective time of their relevant investments. The Pre-IPO Investors are parties independent from each other. Save as otherwise disclosed in the prospectus, there was no outstanding options, warrants and convertibles or similar rights issued or granted as at the Latest Practicable Date.

Rights of the Pre-IPO Investors

Pursuant to various agreements, certain Pre-IPO Investors were granted with special rights in relation to the Company, including the right to nominate director at Suzhou Kintor and/or our Group. Upon exercise of such right by relevant Pre-IPO Investors, Mr. Gang Lu was nominated by Legend Star as a director of Suzhou Kintor and as a non-executive Director; Mr. Jie Chen was nominated by Bioventure Investment as a director of Suzhuou Kintor and as a non-executive Director; Mr. Hui Wang was nominated by Highlight Medical as a director of Suzhou Kintor; Mr. Bing Chen was nominated by Highlight Medical as a non-executive Director; and Ms. Xiaoyan Chen was nominated by Shanghai FTZ Fund as a non-executive Director. All special rights granted pursuant to such agreements have already been terminated or will be terminated effective upon Listing.

Lock-up Arrangement

On 11 December 2019, a shareholders agreement was entered into between our Company and each of our existing Shareholders (comprising KT International, KG Development and our Pre-IPO Investors) (the "**Shareholders Agreement**") whereby each of our existing Shareholders agreed, covenanted and undertaken to our Company that, among others, where the Underwriters have so requested each and all of the then existing Shareholders for the purpose of the Listing, unless it has obtained prior written consent of the Company, it will not, and will cause its affiliates not to, whether directly or indirectly, at any time from the date of the initial public offering of the Shares on, among other things, the Stock Exchange until the expiry of the sixth months of the completion of such offering (the "**Lock-up**"), (i) lend, offer, pledge, hypothecate, sell, make any short sale of, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of or create an encumbrance over, or enter into any other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Share; (ii) enter into any transactions directly or indirectly, in whole or in part, with the same economic effect as any aforesaid transactions; (iii) publicly announce any intention to enter into any aforesaid transaction; and (iv) agree or announce any intention to enter into or contract to do any aforesaid transactions.

Our Company and our Controlling Shareholders have given an undertaking upon the request of the Underwriters referred to above. For more details, please refer to the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertaking pursuant to the Hong Kong Underwriting Agreement – Further undertakings by our Company and our Controlling Shareholders".

Public Float

In light of the sole directorship held by our non-executive Director Mr. Jie Chen in Sungent Venture Limited, being the offshore investment holding entity of BioVenture Investment, the shareholding interest held by Sungent Venture Limited, which is accustomed to take instructions from Mr. Jie Chen, will not be counted towards public float for the purpose of Rule 8.08 of the Listing Rules.

The additional Shares subscribed by Highlight Medical and Cherry Cheeks under the cornerstone investment agreement as further described in the section headed "Cornerstone Investors" in this Prospectus will also not be counted towards the public float for the purpose of Rule 18A.07.

All the Pre-IPO Investors are expected to hold less than 10% of the issued share capital of the Company upon completion of the Global Offering. To the best knowledge of our Directors, none of the Pre-IPO Investors is a core connected person of the Company as defined in the Listing Rules. Therefore, save as disclosed above, the Shares held by the Pre-IPO Investors, other than the Shares held by BioVenture Investment and the Shares subscribed by Highlight Medical and Cherry Cheeks pursuant to the relevant cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus, will count towards the public float for the purpose of Rule 8.08 of the Listing Rules upon Listing and over 25% of our Company's total issued Shares will be held by the public upon completion of the Global Offering (without taking into account the Shares which may be issued under the Over-allotment Option) in accordance with the requirements under Rule 8.08 (1)(a) of the Listing Rules. As a result, the market capitalisation of the portion of the total number of the Company's issued Shares held by the public pursuant to the requirements under Rule 18A.07 of the Listing Rules (based on the Offer Price of HK$18.98, being the mid-point of the indicative Offer Price range) shall be at least HK$375 million at the time of the Listing. For details of the Pre-IPO Investors' shareholding interest in our Company, please refer to the section headed "– Capitalisation Table".

Confirmation from the Sole Sponsor

The Sole Sponsor has confirmed that the investments by the Pre-IPO Investors mentioned above are in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on 13 October 2010 and the Guidance Letter GL29-12 reproducing the same issued in January 2012 and as updated in March 2017; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in 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.

REORGANISATION

In preparation for the Global Offering, we undertook the following reorganisation (the "**Reorganisation**").

Incorporation of our Company and various Group companies

Incorporation of KT International and KG Development

On 15 May 2018, KT International and KG Development were incorporated in the BVI, wholly owned by Dr. Tong and Dr. Guo respectively for investment holding purposes.

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the name of KTKM Holdings Inc. on 16 May 2018 with an authorised share capital of US$50,000 divided into 500,000,000 shares with par value of US$0.0001 each. Upon its incorporation, one fully paid share of US$0.0001 was issued to the first subscriber, which was transferred to KT International on the same day. On 19 June 2018, the name of our

Company was changed into Kintor Pharmaceutical Limited. On 27 August 2019, 303,326 Shares and 303,327 Shares was issued to KT International and KG Development respectively. Subsequently, each of KT International and KG Development held 50%of the issued share capital of the Company.

Incorporation of Kintor Science

Kintor Science was incorporated as a limited company in Hong Kong on 15 June 2018 with an issued share capital of HK$100 divided into 100 shares. Upon its incorporation, the entire issued shares of Kintor Science were held by our Company.

Incorporation of Koshine Pharmaceuticals

Koshine Pharmaceuticals was incorporated as a limited company in Hong Kong on 1 August 2018 with an issued share capital of HK$100 divided into 10,000 shares. Upon its incorporation, 10,000 shares of Koshine Pharmaceuticals were issued to the offshore holding vehicles of each of the Remaining Original Shareholders of Suzhou Koshine in proportion to their respective equity interest in Suzhou Koshine prior to our acquisition of control of Suzhou Koshine. On 11 December 2018, the Remaining Original Shareholders of Suzhou Koshine, through their respective offshore holding vehicles, and our Company entered into a share swap agreement whereby the Remaining Original Shareholders of Suzhou Koshine, through their offshore holding vehicles, agreed to transfer their issued share capital in Koshine Pharmaceuticals to our Company in consideration of and in exchange for the allotment and issue of total 516,780 new Shares to their offshore holding vehicles credited as fully paid. Upon the completion of such share transfer, Koshine Pharmaceuticals became a wholly owned subsidiary of our Group.

Acquisition of Control of Suzhou Koshine

Suzhou Koshine was founded by Dr. Tong and Dr. Guo in September 2010. Please refer to "– Principal subsidiaries – Suzhou Koshine" above for further details of the history of Suzhou Koshine and the Koshine Entrustment Arrangements.

Prior to our acquisition of control of Suzhou Koshine, 29% and 25% equity interest in Suzhou Koshine was held by Ms. Minzhi Tong for and on behalf of Dr. Tong, and by Ms. Peijuan Chen for and on behalf of Dr. Guo, respectively, and the remaining 46% equity interest in Suzhou Koshine was held by the Remaining Original Shareholders of Suzhou Koshine. We acquired control of Suzhou Koshine at a valuation ratio of 20.38 to 1 on arm's length basis, through a series of arrangements, involving:

(a) on 19 July 2018, the Remaining Original Shareholders of Suzhou Koshine established Suzhou Xinxi Pharmaceutical Enterprise Management Consulting Partnership (Limited Partnership) (蘇州欣禧醫藥企業管理諮詢合夥企業(有限合夥)) as their onshore holding vehicles which directly held 46% equity interest in Suzhou Koshine;

(b) on 5 November 2018, Kintor Science acquired 54% equity interest in Suzhou Koshine together from Ms. Minzhi Tong and Ms. Peijuan Chen who held for and on behalf of Dr. Tong and Dr. Guo, respectively;

(c) on 27 November 2018, Koshine Pharmaceuticals acquired 46% equity interest in Suzhou Koshine from Suzhou Xinxi Pharmaceutical Enterprise Management Consulting Partnership (Limited Partnership) (蘇州欣禧醫藥企業管理諮詢合夥企業(有限合夥));

(d) on 11 December 2018, the Remaining Original Shareholders of Suzhou Koshine, through their offshore holding vehicles, and our Company entered into a share swap agreement whereby the Remaining Original Shareholders of Suzhou Koshine, through their offshore holding vehicles, agreed to transfer their entire issued share capital in Koshine Pharmaceuticals to our Company in consideration of and in exchange for the allotment and issue of 516,780 new Shares to their offshore holding vehicles credited as fully paid.

Upon completion of such share acquisitions and share swap, Suzhou Koshine became our wholly owned subsidiary and was directly owned as to 54% by Kintor Science and 46% by Koshine Pharmaceuticals.

Reasons for the Acquisition of Control of Suzhou Koshine

Our Directors are of the view that the acquisition of control of Suzhou Koshine would expand and diversify our products portfolio and business, and avoid the administrative burden in complying with the continuing connected transactions requirements under the Listing Rules after the Listing. Our Directors believe that the transaction will complement our Group's existing business and potentially provide further synergy through economies of scale.

Delisting of Suzhou Kintor

Please refer to "– Prior Quotation on the NEEQ and Delisting" above for further details of delisting of Suzhou Kintor.

Concert Party Arrangement

Dr. Tong and Dr. Guo entered into a concert party agreement in respect of Suzhou Kintor on 20 April 2016 for a period of three years, pursuant to which Dr. Tong and Dr. Guo have undertaken to vote unanimously for any resolutions proposed at board meetings of Suzhou Kintor and shareholder meetings (as applicable) of Suzhou Kintor and confirmed that they had acted in concert in respect of their equity interests in Suzhou Kintor.

The concert group, composed of Dr. Tong and Dr. Guo, executed an acting in concert confirmation on 27 August 2018 whereby they confirmed the existence of their acting in concert arrangements in the past, present and future to collectively control over the Company and its subsidiaries.

Reorganisation Steps of Suzhou Kintor

Prior to the Reorganisation, the issued shares of Suzhou Kintor were held by relevant Pre-IPO Investors and our founders. We underwent the Reorganisation in relation to Suzhou Kintor through the following major arrangements:–

(a) on 20 December 2018, Origin VC entered into a share transfer agreement for the transfer of 1,862,824 shares of Suzhou Kintor to Oriza Flight at the consideration of RMB166,218,480. On the same date, the sole shareholder of Oriza Flight entered into a share transfer agreement for the transfer of the entire issued share capital of

Oriza Flight to Kintor Science at the consideration of RMB166,218,480. On 15 March 2019, Origin VC subscribed for and the Company issued 1,862,824 Shares at the consideration of RMB166,218,480, upon completion of which our Company wholly owned Oriza Flight through Kintor Science, while Oriza Flight owned 8.5% issued share capital of Suzhou Kintor;

(b) other relevant Pre-IPO Investors and our founders transferred their interests in Suzhou Kintor to Kintor Science and subscribed a proportionate interest in our Company either by themselves or their respective offshore vehicles through the following share transfers:

(i) on 15 March 2019, each of Legend Star, BioVenture Investment, Joinne MingYuan and Taihong Jinghui, through their offshore holding vehicles, subscribed for 2,800,000 Shares, 1,930,700 Shares, 275,285 Shares and 228,956 Shares, which represents the same number of shares in Suzhou Kintor held by respective Pre-IPO Investors at a consideration of the original amount paid by the respective Pre-IPO Investors for their investments. The aggregate amount of consideration received from which was directed to Kintor Science to subscribe for the same number of shares in Suzhou Kintor while Suzhou Kintor reduced the corresponding share capital contributed by the respective Pre-IPO Investors;

(ii) on 1 January 2019, each of Dr. Tong and Dr. Guo entered into a share transfer agreement for the transfer of 4,800,400 shares of Suzhou Kintor to Kintor Science at the of consideration of RMB428,345,249.02 (based on the valuation at the most recent round of pre-IPO investment) or its equivalent respectively. KT International and KG Development then subscribed for Shares of the Company. On 10 January 2019 and 22 May 2019, each of the following Pre-IPO Investors also entered into a share transfer agreement for the transfer of the relevant shares of Suzhou Kintor to Kintor Science:

Founder/Pre-IPO Investors	Offshore entities as Shareholders	Date of share transfer agreement	Shares of Suzhou Kintor	Consideration
Cherry Cheeks	Cherry Cheeks	10 January 2019	366,416	RMB32,695,723.85 or its equivalent
Highlight Medical	Highlight Medical	10 January 2019	2,000,777	RMB178,531,647.84 or its equivalent
Jirun Investment	Board Resources Global Biomedical II Ltd	10 January 2019	336,965	RMB30,067,777.03 or its equivalent
Lhasa Qingzhe	Highsino Group Limited	10 January 2019	112,322	RMB10,022,622.09 or its equivalent
Dongzheng Tengcong	Orient Tengcong Limited	22 May 2019	561,608	US$7,331,403.41
CCB Investment	Modest Champion Limited	22 May 2019	112,965	US$ equivalent of RMB10,079,997.72

Founder/Pre-IPO Investors	Offshore entities as Shareholders	Date of share transfer agreement	Shares of Suzhou Kintor	Consideration
CCBI Wealth Management	CCB International Overseas Limited	22 May 2019	224,000	US$ equivalent of RMB19,987,779.31
Beixin Fund	Bexin Capital Limited	10 January 2019	449,286	RMB40,090,309.88
Taihong Jinghui	Cherry Cheeks	5 May 2019	270,286	US$5,196,382.33 or its equivalent
Green Pine	Genius Found Limited	22 May 2019	786,252	RMB70,158,176.14 or its equivalent

(iii) On 15 March 2019, the respective Pre-IPO Investors, through their offshore holding vehicles, subscribed for and the Company issued new Shares, the number of which are the same as the number of shares in Suzhou Kintor held by respective Pre-IPO Investors;

(c) on 24 December 2018, Suzhou Kintor repurchased the shares held and reduced the corresponding capital by Hongtuo Investment.

Upon completion of such share acquisitions or subscriptions by Kintor Science and share repurchases of Suzhou Kintor, Suzhou Kintor was held as to 91.5% by Kintor Science and 8.5% by Oriza Flight which is wholly owned by Kintor Science, and thus Suzhou Kintor became an indirect wholly owned subsidiary of our Company.

PRC REGULATORY REQUIREMENTS

Our PRC legal advisers have confirmed that the share transfers, share swap, Pre-IPO Investments and Reorganisation as described above, in respect of the companies in our Group which are incorporated in the PRC, have been legally completed and all relevant regulatory approvals necessary to effect the share transfers and reorganisations have been obtained in accordance with PRC laws and regulations.

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (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**"), promulgated by SAFE and became effective on 14 July 2014, (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

On 13 February 2015, SAFE released the Notice regarding Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策), which came into effect on 1 June 2015. This notice replaces the foreign direct investment (the "**FDI**") and offshore direct investment (the "**ODI**") registrations

at SAFE with FDI and ODI registrations at qualified banks, which SAFE and its local branches will supervise indirectly. The registration under SAFE Circular No. 37 is under the catalogue of FDI and it shall be registered at such qualified banks mentioned above. In addition, this notice cancels foreign exchange filing for overseas re-investment. New overseas enterprises established or controlled by overseas enterprises established or controlled by domestic investors through re-investment are not required to go through the foreign exchange filing procedures.

As advised by our PRC legal advisers, our Shareholders (as PRC Residents as defined under the applicable provisions under SAFE Circular 37) have completed the registration under the SAFE Circular 37 on 30 September 2018.

CAPITALISATION TABLE

The below table is a summary of the capitalisation of the Company as of the Latest Practicable Date and as of the Listing Date.

Original Shareholders of Suzhou Kintor/ Suzhou Koshine	Name of Shareholders	Total number of Shares as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Ownership percentage as of the Listing Date*(Note 1)*
Dr. Tong	KT International*	5,103,727	18.42%	13.82%
Dr. Guo	KG Development*	5,103,727	18.42%	13.82%
Legend Star	Real Able Limited	2,800,000	10.11%	7.58%
N/A	Kiya	2,361,359*(Note 2)*	8.52%	6.39%
Highlight Medical	Highlight Medical	2,000,777	7.22%	6.01%*(Note 4)*
BioVenture Investment	Sungent Venture Limited*	1,930,700	6.97%	5.23%
Origin VC	Origin VC	1,862,824	6.72%	5.04%
Green Pine	Genius Found Limited	786,252	2.84%	2.13%
Taihong Jinghui/ Cherry Cheeks	Cherry Cheeks	705,815*(Note 3)*	2.55%	2.74%*(Note 5)*
N/A	Shanghai FTZ Fund	626,583	2.26%	1.70%
Dongzheng Tengcong	Orient Tengcong Limited	561,608	2.03%	1.52%
Beixin Fund	Bexin Capital Limited	449,286	1.62%	1.22%
N/A	Zhuhai Huajin	417,722	1.51%	1.13%
N/A	CCBI Tech Venture	365,507	1.32%	0.99%
Jirun Investment	Board Resources Global Biomedical II Ltd	336,965	1.22%	0.91%
Yuxiao Liu	Xuanling Biomedica Limited	278,612	1.01%	0.75%
Joinne MingYuan	KT Joinne Capital Limited	275,285	0.99%	0.75%
N/A	Beijing Yirongchuang	270,000	0.97%	0.73%
N/A	Guangzhou Chengfa	261,077	0.94%	0.71%
Taihong Jinghui	Taihong Pharma Limited	228,956	0.83%	0.62%
CCBI Wealth Management	CCB International Overseas Limited	224,000	0.81%	0.61%
N/A	Chengdu Hi-Tech FTZ	154,035	0.56%	0.42%
Yong Li	Catreed Biomedica, Ltd	103,356	0.37%	0.28%
CCB Investment	Modest Champion Limited	112,965	0.41%	0.31%
Lhasa Qingzhe	Highsino Group Limited	112,322	0.41%	0.30%
N/A	Cheung Ming Ming	78,323	0.28%	0.21%

Original Shareholders of Suzhou Kintor/ Suzhou Koshine	Name of Shareholders	Total number of Shares as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Ownership percentage as of the Listing Date*(Note 1)*
Minghai Li	Minghai Biomedica Limited	67,406	0.24%	0.18%
N/A	Sinvas Asset	52,215	0.19%	0.14%
Xuehong Cheng	Yahe Biomedica Investment Limited	44,937	0.16%	0.12%
Ming He	Xinlemei Biomedica Limited	22,469	0.08%	0.06%
N/A	Beijing Yicheng Hongtai	5,400	0.02%	0.01%
	Investors taking part in the Global Offering	–	–	25%
Total		27,704,210	100%	100%

* The Shares held by KT International, KG Development and Sungent Venture Limited will not be counted towards public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

Notes:

1. Based on the assumptions that the Over-allotment Option is not exercised.

2. For the purpose of the Employee Incentive Scheme, on 31 March 2020, the Shareholders resolved to allot and issue 2,361,359 Shares to Kiya.

3. It represents an aggregate amount of Shares Cherry Cheeks held as at the Latest Practicable Date. The total number of 705,815 Shares held by Cherry Cheeks comprise: (i) 366,416 Shares acquired by Cherry Cheeks from Taihong Jinghui; (ii) 270,286 Shares subscribed by Cherry Cheeks as the offshore entity of Taihong Jinghui for 270,286 shares held by Taihong Jinghui in Suzhou Kintor; and (iii) 69,113 Shares subscribed by Cherry Cheeks in Series D Investment.

4. Taking into account Highlight Medical's subscription of Offer Shares pursuant to the relevant cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus, Highlight Medical will own up to 6.01% of the total number of Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

5. Taking into account Cherry Cheeks' subscription of Offer Shares pursuant to the relevant cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus, Cherry Cheeks will own up to 2.74% of the total number of Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

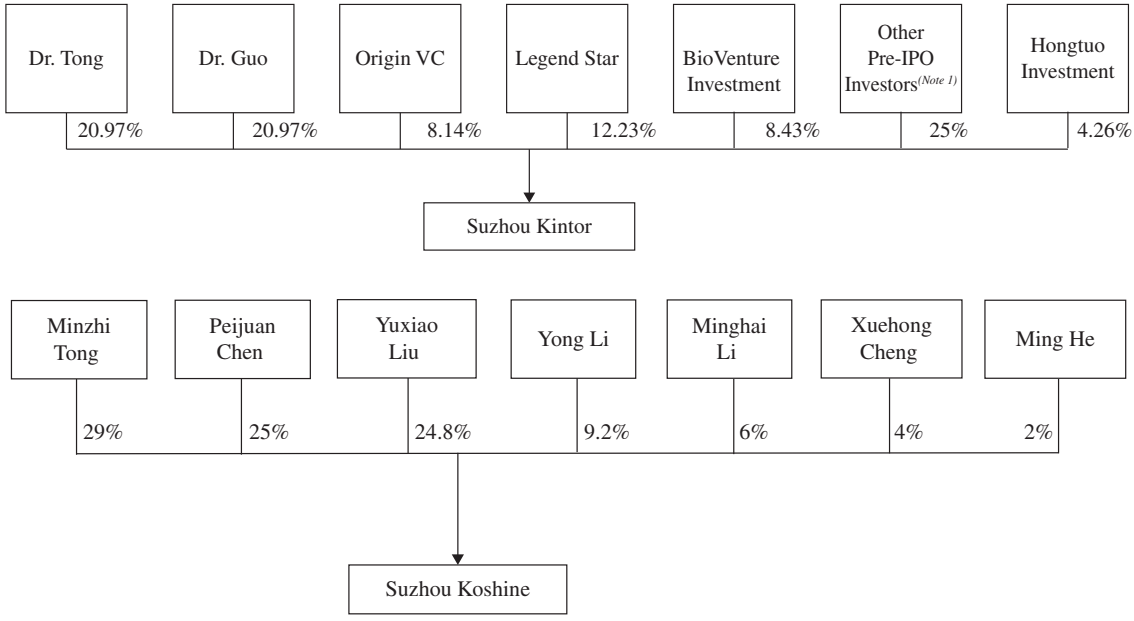
EMPLOYEE INCENTIVE SCHEME

We adopted the Employee Incentive Scheme on 31 March 2020 to attract, retain and motivate key employees and other individuals for their contribution to our Group. On 31 March 2020, the Shareholders resolved to allot and issue 2,361,359 Shares, representing approximately 8.52% of the enlarged total issued share capital of our Company, to Kiya. Please refer to "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" to this prospectus for further details of the principals terms of the Employee Incentive Scheme.

CORPORATE AND SHAREHOLDING STRUCTURE

The following charts illustrate our corporate and shareholding structure (1) immediately before implementation of the Reorganisation; (2) immediately prior to completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and (3) immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Unless otherwise specified, each entity is 100% owned by its holding company or sole shareholder, as the case may be:

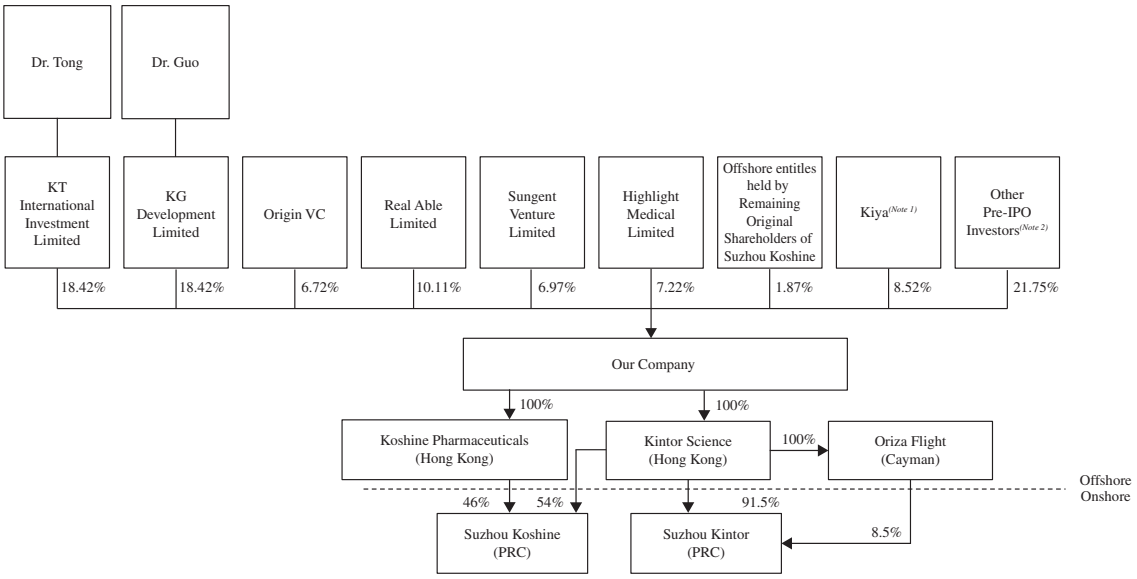
(1) immediately before implementation of the Reorganisation



Note:

1. Other Pre-IPO Investors are independent third parties, the identities of whom are set out in the section headed "Pre-IPO Investments" above.

(2) Immediately prior to completion of the Global Offering (assuming that the Over-allotment Option is not exercised)

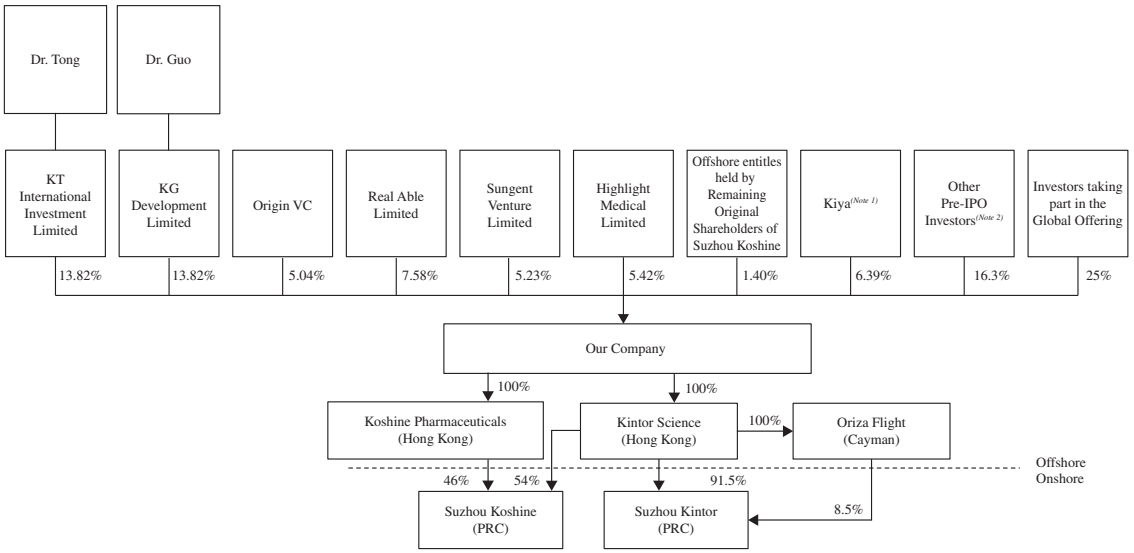


Notes:

1. As at the Latest Practicable Date, RSUs in respect of 10,875,700 underlying Shares and 7,558,400 Restricted Shares (after taking into consideration of the adjustment pursuant to the Capitalisation Issue), representing approximately 2.94% and 2.05%, respectively, of the total issued share capital of the Company after the completion of the Capitalisation Issue and immediately following the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and additional RSUs or Restricted Shares which may be further granted under the Employee Incentive Scheme), had been granted to 54 participants pursuant to the Employee Incentive Scheme. None of the grantees under the Employee Incentive Scheme is a Director or otherwise a core connected person of the Company. Please refer to the section headed "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" of this prospectus for further details.

2. Other Pre-IPO Investors are independent third parties, the identities of whom are set out in the section headed "Pre-IPO Investments" above.

(3) immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)



Notes:

1. As at the Latest Practicable Date, RSUs in respect of 10,875,700 underlying Shares and 7,558,400 Restricted Shares (after taking into consideration of the adjustment pursuant to the Capitalisation Issue), representing approximately 2.94% and 2.05%, respectively, of the total issued share capital of the Company after the completion of the Capitalisation Issue and immediately following the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and additional RSUs or Restricted Shares which may be further granted under the Employee Incentive Scheme), had been granted to 54 participants pursuant to the Employee Incentive Scheme. None of the grantees under the Employee Incentive Scheme is a Director or otherwise a core connected person of the Company. Please refer to the section headed "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" of this prospectus for further details.

2. Other pre-IPO Investors are independent third parties, the identities of whom are set out in the section headed "Pre-IPO Investments" above.

OVERVIEW

We are a clinical-stage novel drug developer in China focused on the proprietary R&D of potential first-in-class and best-in-class drugs for cancers and other AR-related diseases. Our lead drug candidate, Proxalutamide, is a potential best-in-class drug undergoing phase III clinical trials in China and phase II clinical trials in the United States for mCRPC as well as clinical trials for breast cancer. Our mission is to become a global leader in the research, development and commercialisation of innovative therapies, focusing on indications with substantial unmet medical needs, in particular in the AR-related field.

Our portfolio of drug candidates addresses major cancer types and other AR-related diseases with large market potential. According to the Frost & Sullivan Report, prostate cancer was the second fastest growing cancer among major cancer types in China in terms of the growth rate of new cases from 2014 to 2018, and breast cancer was the most common type of cancer in women globally in 2018. The population of male patients aged 30 to 70 with androgenetic alopecia, an AR-related disease, reached over 92.8 million in China and 31.1 million in the United States in 2018, respectively, according to the Frost & Sullivan Report.

We had developed a pipeline of five drug candidates as of the Latest Practicable Date, including five clinical-stage drug candidates for which we had obtained approvals to commence clinical trials in China, the United States and/or Taiwan. These clinical-stage drug candidates are composed of a phase III small molecule drug candidate, a phase II small molecule drug candidate, a phase II monoclonal antibody drug candidate, a phase I mTOR inhibitor drug candidate and an inhibitor of the hedgehog signal translation pathway for which we received IND approval in February 2020 as follows:

- *Proxalutamide (GT0918) (普克鲁胺):* Proxalutamide is our lead drug candidate and is in phase III clinical trials in China for mCRPC with a targeted submission of NDA in 2020. It is also undergoing phase II clinical trials for mCRPC in the United States. Proxalutamide is a potential best-in-class small molecule AR antagonist for the treatment of mCRPC based on well-researched AR mechanism and has a novel chemical structure that enables it to down regulate AR expression. In addition to its clinical trials for mCRPC, Proxalutamide is undergoing phase Ic clinical trials in combination with Exemestane, Letrozole and Fulvestrant in China for metastatic breast cancer. We expect to focus on AR+ patients within the metastatic breast cancer patient pool in our subsequent clinical trials.

- *Pyrilutamide (KX-826) (福瑞他恩):* Pyrilutamide is in phase II clinical trials in China for androgenetic alopecia with expected first patient enrolment in the second half of 2020. It is also in phase Ib clinical trials for androgenetic alopecia in the United States and we commenced first patient enrolment in January 2020 and we expect to complete these trials in 2020. Pyrilutamide is a potential first-in-class small molecule AR antagonist we are developing for topical dermatological use by leveraging our anti-androgen-related scientific know-how. The existing treatments for androgenetic alopecia have side effects or other limitations that we believe may constrain the size and growth of the market for treatments addressing androgenetic alopecia. In particular, a leading drug for androgenetic alopecia, Finasteride, has known adverse sexual side effects that we believe have been a significant deterrent to a large pool of patients in electing to treat a primarily cosmetic condition. Pyrilutamide is a topical treatment being developed to locally block the androgen mediated signalling instead of reducing androgen level systematically, and its metabolite has substantially reduced AR agonist activity *in vivo*, thereby limiting its side effects. We believe Pyrilutamide holds the possibility of redefining the market landscape for androgenetic alopecia drugs.

- *ALK-1 (GT90001):* ALK-1 is in phase II clinical trials in Taiwan as a combination therapy with Nivolumab, a PD-1, for metastatic HCC and is a potential first-in-class antibody for which we obtained an exclusive global licence from Pfizer. We expect to conduct MRCT for ALK-1 globally, and have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE.

- *Detorsertib (GT0486) (迪拓賽替):* Detorsertib is in phase I clinical trials in China for metastatic solid tumours. Detorsertib is a second-generation mTOR inhibitor that inhibits both mTORC1 and mTORC2, and has shown greater therapeutic advantages as compared with first-generation mTOR inhibitors that only inhibit mTORC1. As of the Latest Practicable Date, there was no mTORC1/mTORC2 dual inhibitor that had been approved for marketing globally. We believe Detorsertib has the potential to become a first-in-class dual mTORC1/mTORC2 inhibitor addressing significant unmet medical needs.

- *Hedgehog/SMO Inhibitor (GT1708F):* GT1708F is an inhibitor of the hedgehog signal transduction pathway. We are currently developing GT1708F primarily for the treatment of leukaemia and BCC. We obtained IND approval for GT1708F from the NMPA in February 2020 and we expect to commence patient enrolment in the third quarter of 2020.

In addition to our five clinical-stage drug candidates, we also have a number of discovery phase projects. We have built a risk-balanced and diversified pipeline that contemplates sequenced product launches commencing in 2021.

The following chart sets forth a summary of our drug candidates as well as their respective mechanism, indications and development progress:

	Drug Candidate	Target/ Mechanism	Indication[1]	Country/ Region	Pre-Clinical	IND Filing (Filed) | (Accepted)	Phase I	Phase II	Phase III	NDA
Clinical Stage Products	**Proxalutamide (GT0918) (普克鲁胺) (Core Product)**	Second generation AR antagonist	mCRPC	China			*Expected to submit NDA in 2020[2]*			
			Combination therapy with Abiraterone for mCRPC	China			*Expected to complete phase III in 2021*			
			Combination therapy with a PARP inhibitor for mCRPC	China			Δ			
			mCRPC	US			*Expected to complete phase II in 2020*			
			Metastatic breast cancer*	China						
			Combination therapy with Exemestane, Letrozole and Fulvestrant for metastatic breast cancer*	China						
			TNBC*	US			Δ			
	Pyrilutamide (KX-826) (福瑞他恩) (Core Product)	AR antagonist (for external use)	Androgenetic alopecia*	China			*Expected to complete phase II in 2020*			
			Androgenetic alopecia*	US			*Expected to complete phase Ib in 2020*			
			Acne vulgaris*	China/US						
	ALK-1 (GT90001)[3]	Angiogenesis inhibitor	Combination therapy with a PD-1 for metastatic HCC*	Taiwan						
			Liver cancer* (monotherapy or combination therapy)	Global MRCT			^			
	Detorsertib (GT0486) (迪拓赛替)	mTOR kinase inhibitor	Metastatic solid tumours*	China						
	GT1708F[4]	Hedgehog/ SMO inhibitor	Leukaemia and BCC	China			Δ			
			Leukaemia and BCC	US						
Pre-Clinical Products		AR degrader	Prostate cancer and AR-related diseases							
		c-Myc inhibitor[5]	Blood cancer							
		IDO inhibitor	Multiple types of cancers							

Notes:

(1) Unless specifically referred to as combination therapies, the applicable therapy for an indication refers to monotherapy. Other than Proxalutamide's combination therapy with Abiraterone for mCRPC in China, which we are developing as a first-line therapy, all of our other drug candidates are currently being developed as a later stage therapy in the case of cancer indications.

(2) We intend to apply for accelerated NDA based on the interim analysis result while our phase III clinical trials are ongoing.

(3) We obtained an exclusive global licence from Pfizer to develop and commercialise ALK-1 in February 2018, after Pfizer had completed two phase I clinical trials for ALK-1 for advanced solid tumours, including HCC, as a monotherapy in the United States and Italy, as well as in South Korea and Japan.

(4) We entered into a technology transfer agreement with Suzhou Yunxuan Pharmaceutical Co., Ltd. in December 2016 for the development and commercialisation of GT1708F.

(5) We obtained all information, data and technological know-how from Peking University pursuant to a technology transfer agreement in connection with the development and commercialisation of c-Myc inhibitor in January 2019.

* Represents a potential first-in-class drug candidate for the relevant indication.

Δ We have received IND approval for the relevant indications.

^ We have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE and expect to bypass phase I clinical trials following the receipt of approval from the CDE.

We have established an integrated R&D platform to support our drug development programmes. Our R&D initiatives are led by senior scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in the United States and who together provide us with combined expertise covering small molecule, biologics, compound design and commercialisation. Both of our co-founders, Dr. Tong and Dr. Guo, have been recognised as "State Specially Recruited Experts" (國家特聘專家) under the "One Thousand Foreign Experts Program" (千人計劃) for entrepreneurs and innovative talents.

We have a well-developed commercialisation plan assuming Proxalutamide receives NDA approval for mCRPC in China. We expect our own manufacturing facilities in Suzhou will be ready for GMP manufacturing in the third quarter of 2020, following which we will gradually shift our production of Proxalutamide from a CMO to our own manufacturing facilities. We have also recruited Mr. Mingming Yan, who has significant experience in marketing prostate cancer drugs in China to lead our sales and marketing team as the vice president of sales, and have started recruiting a sales and marketing team which is expected to consist of over 100 personnel. In addition, we believe minimal additional product education will be required to gain wide clinical acceptance amongst leading oncologists and achieve market penetration because second generation AR antagonists are a well-researched class of drug and Proxalutamide is an innovative second generation AR antagonist based on well-researched AR mechanism.

OUR STRENGTHS

Risk-balanced and diversified pipeline of drug candidates targeting major cancer types and other AR-related diseases with substantial market potential

We have a risk-balanced and diversified pipeline of drug candidates, including five clinical-stage drug candidates. We balance the risk in our portfolio by focusing on both best-in-class drugs that seek incremental yet significant improvements to existing treatment options, as well as first-in-class innovative drugs that seek to substantially expand the addressable market for the target indications. Our clinical-stage drug candidates are comprised of a phase III small molecule drug candidate, a phase II small molecule drug candidate, a phase II monoclonal antibody drug candidate, a phase I mTOR inhibitor drug candidate and an IND approved hedgehog signal transduction pathway inhibitor drug candidate as follows:

- *Proxalutamide (GT0918) (普克魯胺):* Proxalutamide is a potential best-in-class small molecule drug based on the same well-researched AR mechanism and proven target as drugs that have been approved in the United States and other jurisdictions.

- *Pyrilutamide (KX-826) (福瑞他恩):* KX-826 is a potential first-in-class small molecule AR antagonist drug which we believe holds the possibility of redefining the market landscape for androgenetic alopecia drugs. The existing treatments for androgenetic alopecia have side effects or other limitations that we believe have led to significant unmet medical needs.

- *ALK-1 (GT90001):* ALK-1 is a potential first-in-class antibody with untapped potential to be used in combination with other PD-1s for the treatment of a variety of solid tumours.

- *Detorsertib (GT0486) (迪拓賽替):* Detorsertib is a potential first-in-class second-generation mTOR inhibitor that inhibits both mTORC1 and mTORC2 and has shown greater therapeutic advantages as compared to first-generation inhibitors.

- *Hedgehog/SMO Inhibitor (GT1708F):* GT1708F is an inhibitor of the hedgehog signal transduction pathway. We are currently developing GT1708F primarily for the treatment of leukaemia and BCC.

To balance the risk-reward potential of our pipeline of drug candidates, we have strategically focused on applying our AR-related expertise in developing drugs for indications with both large market sizes and strong growth potential, including major cancer types. According to the Frost & Sullivan Report, the total global market size for prostate cancer and breast cancer increased from US$24.8 billion in 2014 to US$38.6 billion in 2018, representing a CAGR of 11.7%, and treatment options for these cancer types are still limited globally. The growth rate of prostate cancer from 2014 to 2018 in terms of percentage increase of new cases is the second highest among major cancer types in China, and is the highest among the ten most common cancer types globally, according to the Frost & Sullivan Report. Breast cancer was the most common type of cancer in women globally in 2018, according to the Frost & Sullivan Report. In addition to our focus on major cancer therapies, we are also leveraging our AR-related expertise in other areas of unmet medical needs, for example, by pursuing the development of Pyrilutamide for the treatment of androgenetic alopecia. The population of male patients aged 30 to 70 with androgenetic alopecia reached over 92.8 million in China and 31.1 million in the United States in 2018, respectively, according to the Frost & Sullivan Report.

We believe our risk-balanced and diversified pipeline of drug candidates, as well as the indications we have strategically focused on, provide us with a strong platform to capture significant market potential in both China and the United States. We also believe that the innovative qualities of our drug candidates provide us with the flexibility to pursue our drug candidates as combination therapies, which, in turn, provides us with an additional channel to maximise the market prospects of our pipeline of drug candidates.

Potential best-in-class AR antagonist for mCRPC, forming the backbone of potential combination therapies for AR-related cancers

Our lead drug candidate, Proxalutamide, is a second generation AR antagonist currently in phase III clinical trials in China for mCRPC with a targeted submission of NDA in 2020. It is also undergoing phase II clinical trials for mCRPC in the United States, and we expect to complete these trials in 2020. Our pre-clinical and clinical research on Proxalutamide were recognised as a Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創制"科技重大專項) in 2011 and 2017, respectively.

According to the Frost & Sullivan Report, prostate cancer is an under-diagnosed disease and one of the fastest growing cancers in China with a growth rate of 10.4% from 2014 to 2018 in terms of percentage increase of new cases, ranking the second highest among the ten most common cancer types in China. Most of the prostate patients receiving androgen deprivation therapy eventually experience disease progression and develop CRPC within a median of 18 to 24 months from receiving the therapy, and a substantial majority of CRPC will be developed into mCRPC, according to the Frost & Sullivan Report. The prostate cancer drug market in China is expected to grow significantly in the next ten years driven by the increasing patient pool, the pricing advantage of domestic drugs, the expanded coverage of medical insurance reimbursement and the launch of innovative drugs to address unmet medical needs for prostate cancer in China, according to the Frost & Sullivan Report.

AR antagonists have become one of the most important treatments for prostate cancer. AR antagonists are a well-researched class of drug and Enzalutamide, a second generation AR antagonist, is among one of the first-line treatments for prostate cancer globally. While Proxalutamide is based on well-researched AR mechanism, it is a novel second generation AR antagonist with a unique dual-acting mechanism which not only effectively inhibits androgen from binding to ARs, but also exhibits the biological effect of inducing decreased AR expression, which in turn decreases the frequency with which cancerous cells are produced. Results from our clinical studies have indicated the potential efficacy of Proxalutamide in patients who have failed Enzalutamide and Abiraterone. Based on our clinical data to date, there has been no incidence of seizure among over 600 Proxalutamide users enrolled in clinical trials, demonstrating a favourable safety profile, and given its dual-acting mechanism and chemical properties which down regulate AR expression, we believe Proxalutamide is a potential best-in-class drug for mCRPC.

Following the NDA approval of Enzalutamide for the treatment of mCRPC in China as an imported drug in November 2019, we believe Proxalutamide is positioned to become the first domestically developed second generation AR antagonist approved for marketing in China for mCRPC, and will enable us to address a large, significantly underpenetrated market.

Combination therapies with distinct mechanisms of actions represent promising strategy for cancer treatment due to improved efficacy and efficiency. AR antagonists are often used as backbone drugs in combination therapies for AR-related diseases due to its direct regulation on AR expression. We believe Proxalutamide is best positioned to become the preferred backbone drug candidate as the clinical data of Proxalutamide to date showed no induction effect on certain enzymes which could reduce drug exposure *in vivo*. In order to maximise the potential of Proxalutamide, we contemplate pursuing combination therapies with well-established drugs, as well as our own and others' drug candidates. We are undergoing phase III clinical trials in China for Proxalutamide's combination therapy for mCRPC with Abiraterone as a first-line therapy. We have also obtained clinical trial approval in China for Proxalutamide in combination therapy for mCRPC with a PARP inhibitor. We expect to commence our clinical trials for Proxalutamide in combination therapy with a PARP inhibitor by the end of 2020.

We have accumulated extensive data and knowledge about the biology of ARs through the research conducted to develop Proxalutamide, which, in turn, has enhanced our expertise and capabilities to develop next-generation AR degraders. AR degraders are considered a natural progression from AR inhibitors such as Proxalutamide, and have the potential to become a new generation of treatment for prostate cancers. We are in the discovery phase for the development of AR degraders for the treatment of prostate cancer and other AR-related diseases.

Leveraging our expertise in AR-related research to expand Proxalutamide's indications into breast cancer

Our accumulated scientific know-how in the anti-androgen field has also enabled us to expand Proxalutamide's potential indications into metastatic breast cancer. We are undergoing phase Ic clinical trials for Proxalutamide in combination with Exemestane, Letrozole and Fulvestrant in China for metastatic breast cancer. We expect to focus on AR+ patients within the metastatic breast cancer patient pool in our subsequent clinical trials. We intend to formulate our strategies for clinical trials for Proxalutamide for TNBC in the United States based on the results of our clinical trials in China.

According to the Frost & Sullivan Report, breast cancer was the most common type of cancer among women globally in 2018. The total number of new breast cancer patients have also grown at a CAGR of 1.8% and 3.4% between 2014 and 2018 in China and the United States, respectively. We believe Proxalutamide, as an AR antagonist, is distinguished from other existing treatment options for breast cancer that generally focus on prognostic indicators relating to oestrogen receptor (ER), progesterone receptor (PR) and HER2. According to the Frost & Sullivan Report, approximately 77% of breast cancer patients are AR+ and the existing treatment results for these patients are unsatisfactory. Multiple sources of evidence suggest that AR is an important prognostic indicator of breast cancer and that AR antagonists, as compared to existing treatment options, would be a potential treatment for AR+ breast cancer. We believe drugs targeting AR, in particular second generation AR antagonists, will provide new mechanisms of action in the treatment of metastatic breast cancer, in particular in combination therapies with drugs that are based on other mechanisms of action. We believe Proxalutamide is potentially a first-in-class drug for the treatment of breast cancer in the future, with the potential to address significant unmet medical needs globally.

Expanding our pipeline of drug candidates to create new market opportunities in treating other AR-related diseases such as androgenetic alopecia and acne vulgaris

We are able to leverage the AR-related scientific know-how that we accumulated during the development of Proxalutamide to expand our pipeline of drug candidates and create new market opportunities in therapeutic areas outside of oncology. For example, we are developing Pyrilutamide, which is a topically applied AR antagonist and a phase II potential first-in-class drug for androgenetic alopecia, with additional potential indications for acne vulgaris. We received IND approvals for Pyrilutamide for androgenetic alopecia in China and the United States in April 2018 and June 2018, respectively. We convened the meeting for the launch of Pyrilutamide's phase II clinical trials for androgenetic alopecia in China in July 2019 with expected first patient enrolment in the second half of 2020. Pyrilutamide is in phase Ib clinical trials for androgenetic alopecia in the United States and we commenced first patient enrolment in January 2020 and we expect to complete these trials in 2020.

According to the Frost & Sullivan Report, the population of male patients with androgenetic alopecia aged 30 to 70 reached over 92.8 million in China and 31.1 million in the United States in 2018, respectively. Androgenetic alopecia occurs when the growth of hair on the scalp is inhibited by the presence of androgen; therefore, an AR antagonist blocking the signalling pathway of androgen has the potential to treat androgenetic alopecia, as well as other conditions such as acne vulgaris that similarly arise due to excessive male hormones.

We believe Pyrilutamide holds the possibility of redefining the market potential for androgenetic alopecia drugs. Currently, the primary treatments for androgenetic alopecia in China and elsewhere are Minoxidil and Finasteride, each of which has limitations that we believe have led to significant unmet medical needs for treatments targeting androgenetic alopecia. According to the Frost & Sullivan Report, Minoxidil, which is applied topically, lacks clear evidence of mechanism. Finasteride, which is a 5-alpha-reductase type II inhibitor administered orally, poses adverse sexual side effects, including decreased libido, erectile dysfunction and ejaculation disorder, which had first-year incident rates of 1.8%, 1.3% and 1.2% in clinical studies, respectively. According to the Frost & Sullivan Report, the adverse sexual side effects of Finasteride has been a significant deterrent to a large pool of patients in electing to treat a primarily cosmetic condition. Pyrilutamide is an AR antagonist designed for topical application, and it acts directly on the target treatment areas of the scalp. It is developed to locally block the androgen mediated signalling by competing with binding of androgen to AR in the targeted tissues instead of reducing androgen level systematically. In addition, based on pharmacological research and clinical trial data up to the Latest Practicable Date,

Pyrilutamide had not demonstrated adverse sexual side effects. We therefore believe Pyrilutamide has the potential to attract a significantly larger pool of patients suffering from androgenetic alopecia than existing treatment options and redefine the market landscape for androgenetic alopecia drugs, with further potential on markets for other AR-related diseases, including acne vulgaris. As of 31 December 2018, there were 118.9 million and 31.3 million patients aged 10 to 25 that had acne vulgaris in China and the United States, respectively, according to the Frost & Sullivan Report.

Integrated R&D platform coupled with an experienced team of scientists enabling us to maintain quality and efficiency over our entire drug development process

We have established an integrated R&D platform to support our drug development programmes from drug discovery to clinical trials. We conduct proprietary laboratory research to identify and select new compounds as our potential drug candidates, and we manage our drug development process primarily using our internal R&D resources to ensure that the process meets the quality standards we have set internally.

Through the development of Proxalutamide and Pyrilutamide, we have accumulated significant expertise in AR-related know-how and have developed a leading AR technology platform. We believe we have accumulated industry-leading expertise in the field of AR signalling pathway, molecule design and PK/PD modelling. Leveraging our AR technology platform, we have successfully progressed Proxalutamide to phase III clinical trials in China, expanded the indication of Proxalutamide to metastatic breast cancer, and have also developed Pyrilutamide for androgenetic alopecia and acne vulgaris.

Our R&D work is led by senior scientists, including Dr. Tong, supported by nine other returnee scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in the United States and who together provide us with combined expertise covering small molecule, biologics, compound design and commercialisation. We benefit from the leadership of our team of scientists, who have significant experience in drug discovery and development processes with global pharmaceutical giants, as well as entrepreneurship know-how in overseas biotech companies. This combination of industry expertise and entrepreneurship know-how has enabled us to successfully develop our diversified portfolio of drug candidates.

Our R&D capabilities and drug development efforts are also supported by a number of renowned experts who serve as our senior advisors. These experts include Dr. Liang Tong, a tenured professor and the chair of the Department of Biological Science at Columbia University specialising in the research of protein structure and functions. Dr. Liang Tong has been deeply involved in the key steps of our drug development programmes to provide valuable guidance and professional advice throughout the drug development process.

Our ability to develop drug candidates internally through our integrated R&D platform is supplemented by our collaboration with other pharmaceutical companies through in-licensing arrangements. We hold an exclusive global licence from Pfizer to develop and commercialise ALK-1. Our ALK-1 is a potential first-in-class drug that has the potential to become the first fully human monoclonal antibody therapeutic drug for ALK-1 target for a variety of solid tumours. Pfizer completed two phase I clinical trials for ALK-1 for advanced solid tumours, including HCC, as a monotherapy in the United States and Italy, as well as in South Korea and Japan. We expect to conduct MRCT for ALK-1 globally, and have commenced phase II clinical trials for ALK-1's combination therapy with Nivolumab, a PD-1, for metastatic HCC in Taiwan. According to the Frost & Sullivan Report, China had the largest number of liver cancer patients in the world in 2018.

Well-developed commercialisation plan enabling speed-to-market and near-term sales conversion

We have a well-developed commercialisation plan for Proxalutamide subject to its NDA approval that includes initial flexibility in manufacturing and in-house marketing and sales. We are in the process of building our own manufacturing facilities for the production of Proxalutamide for its commercial sale. However, in order to ensure Proxalutamide's speed-to-market following NDA approval, we have obtained an MAH approval from the NMPA that enables us to engage CMOs for the commercial production of Proxalutamide prior to completion of our own manufacturing facilities. We were the first to take advantage of the MAH system piloted in Jiangsu Province in respect of a clinical-stage novel drug. We have engaged a CMO for the manufacturing of Proxalutamide for clinical purposes, and we intend to continue the engagement of CMO under our MAH approval until our own manufacturing facilities are GMP ready in the third quarter of 2020, which provides us with the flexibility to rapidly commence drug manufacturing following NDA approval of Proxalutamide.

For marketing and sales, we believe we are equally well placed to achieve speed-to-market and subsequent market penetration. Mr. Mingming Yan, who has significant experience in marketing prostate cancer drugs in China, joined our Group to lead our sales and marketing team as the vice president of sales. Mr. Mingming Yan also has first-hand experience in building a brand new sales team at a major Chinese pharmaceutical company, which we believe will assist us with establishing our own sales and marketing function efficiently and effectively. We believe minimal additional product education will be required to gain wide clinical acceptance amongst leading oncologists and achieve market penetration because second generation AR antagonists are a well-researched class of drug and Proxalutamide is a novel second generation AR antagonist that is based on well-research AR mechanism.

Moreover, our clinical trials for Proxalutamide in China have covered patients in 48 hospitals with prostate cancer specialists, which we believe has built a strong foundation for our pre-launch market education. The lead PIs for our clinical trials for Proxalutamide are also influential KOLs who regularly share their views or the outcomes from the clinical trials with other physicians and participants at various academic conferences, seminars and symposiums. We believe that these KOLs' views on Proxalutamide will help drive the clinical acceptance of Proxalutamide amongst China's leading oncologists and accelerate its market penetration.

We believe the combined experience of our management team will well position us to execute our commercialisation plan, which we believe will enable speed-to market and near-term sales conversion for our lead drug candidate, Proxalutamide, subject to its NDA approval.

OUR STRATEGIES

Our mission is to become a global leader in the research, development and commercialisation of innovative therapies, focusing on indications with substantial unmet medical needs, in particular in the AR-related field. To achieve our mission, we plan to pursue the following strategies in the near-term:

Rapidly advance the clinical development, regulatory approvals and commercial launch of Proxalutamide in China

We have commenced phase III clinical trial for Proxalutamide for mCRPC in China, and expect to obtain the interim analysis result by 2020, based on which we expect to apply for an accelerated NDA in 2020. We received approval from the NMPA in 2015 to conduct phase I to phase III clinical trials for Proxalutamide for mCRPC in China, and Proxalutamide was classified as a key designated project and a key category of drug subject to a special review process.

We expect our own manufacturing facilities in Suzhou will be ready for GMP manufacturing in the third quarter of 2020, following which we will gradually shift our production of Proxalutamide from the CMO to our own manufacturing facilities. We have also signed an agreement with the government of Pinghu, Zhejiang in May 2019 and expect to purchase a parcel of land with an area of 60 mu in Pinghu, Zhejiang for the establishment of manufacturing facilities for APIs in connection with our manufacture of Proxalutamide and Pyrilutamide. We expect the construction of our manufacturing facilities in Pinghu will commence by the end of 2020 or the first quarter of 2021 and we expect our manufacturing facilities in Pinghu will be ready for GMP manufacturing in the third quarter of 2023 and will be primarily used for the manufacturing of Proxalutamide and Pyrilutamide. We expect to establish an in-house manufacturing team with extensive industry experience led by the responsible person of our manufacturing department who has more than 13 years of experience in quality management and project management in the pharmaceutical industry. We believe our manufacturing preparation plan, coupled with our MAH approval, provides us with the flexibility to rapidly commence drug manufacturing following NDA approval of Proxalutamide.

In addition, we expect to establish an in-house sales team with extensive industry experience and access to the most influential KOLs in the relevant therapeutic area. Mr. Mingming Yan, who has significant experience in marketing prostate cancer drugs in China joined our Group to lead our sales and marketing team as the vice president of sales. Mr. Mingming Yan also has first-hand experience in building a brand new sales team at a major pharmaceutical company in China, which we believe will assist us with establishing our own sales and marketing function efficiently and effectively. We have started recruiting a sales and marketing team which is expected to consist of approximately 100 personnel. We also plan to expand our in-house registration department as necessary to effectively progress Proxalutamide's NDA. As of 31 December 2019, we had four designated personnel in our registration department.

Strategically progress the clinical development of Proxalutamide in the United States and expand its indications

We plan to strategically progress our clinical development of Proxalutamide in the United States as a second-line monotherapy for mCRPC patients who have failed either Abiraterone or Enzalutamide. We also plan to develop combination therapy of Proxalutamide with a PARP inhibitor initially in China, and potentially develop additional combination therapies in the United States. Furthermore, we plan to conduct clinical trials for Proxalutamide targeting TNBC in the United States in addition to our on-going clinical trials for metastatic breast cancer in China. We intend to use combination therapies as an initial step to expand the indications of Proxalutamide to first-line therapies for prostate cancer and breast cancer. We also intend to expand Proxalutamide's indication to other types of AR-related cancers. Enzalutamide successfully expanded its indications from mCRPC, for which it was initially approved in 2012, to additional types of prostate cancer and is undergoing clinical trials for ovarian cancer, liver cancer, bladder cancer and salivary duct carcinoma. We believe Proxalutamide has the potential to similarly expand its indications. We also believe our anti-androgen-related scientific know-how will enable us to capture opportunities for indication expansion. Our commercialisation plan for Proxalutamide in the United States contemplates strategic cooperation with global leading pharmaceutical companies and local distribution partners in connection for sales and marketing.

We may further expand the geographic coverage of our clinical trials for Proxalutamide in other major markets.

Continue the clinical development of Pyrilutamide in both China and the United States

We intend to leverage our expertise in AR-related research and continue our clinical development of Pyrilutamide for androgenetic alopecia in both China and the United States. We convened the meeting for the launch of Pyrilutamide's phase II clinical trials for androgenetic alopecia in China in July 2019 and expect to commence first patient enrolment in the second half of 2020 in China. We are also undergoing for Pyrilutamide's phase Ib clinical trials for androgenetic alopecia in the United States and we commenced first patient enrolment in January 2020 and we expect to complete these trials in 2020. Furthermore, we are also developing a gel formulation of Pyrilutamide for acne vulgaris. We expect to leverage our PK and safety data from Pyrilutamide's clinical trials for androgenetic alopecia, which we believe will expedite our clinical trials for acne vulgaris. We believe Pyrilutamide has substantial potential to redefine the market landscape for androgenetic alopecia drugs and to tap the market for AR-related acne vulgaris.

Continue the clinical development of ALK-1 as a monotherapy and combination therapy and increase our focus on biologics R&D

We intend to capitalise on our global license from Pfizer to develop our ALK-1 as a potential first-in-class drug with possible applications in combination therapies with a variety inhibitors for the treatment of various solid tumours.

We have commenced phase II clinical trials for our ALK-1 as a combination therapy with Nivolumab, a PD-1, for metastatic HCC in Taiwan in order to seek to accelerate ALK-1's initial speed to market. We have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE and will determine our strategies for ALK-1's MRCT based on the clinical trial results for ALK-1's combination therapy with Nivolumab, a PD-1, in Taiwan. We may seek to explore the opportunity to conduct clinical trials for additional combination therapies for ALK-1 with PD-1. Additionally, Pfizer completed two phase I clinical trials for ALK-1 for advanced solid tumours, including HCC, as a monotherapy in the United States and Italy, as well as in South Korea and Japan, which positions us well to pursue additional markets.

We also intend to enhance our biologics R&D capabilities by leveraging the expertise of our biologics R&D personnel. We are also in discussions with multiple biotech companies in China and the United States for potential collaboration opportunities in biologics R&D.

Enhance our proprietary R&D capabilities to further the development of potential first-in-class and best-in-class drugs, particularly based on our PROTAC technology platform

We have established an integrated R&D platform, and intend to continue investing in advanced laboratory facilities to enhance our R&D infrastructure to support our drug development programmes. We plan to recruit and retain talented scientists and R&D personnel by providing extensive opportunities to work with industry leaders, establishing sufficient infrastructural support, offering competitive compensation packages and implementing the Employee Incentive Scheme to align their long-term interests with our Group's development, among other initiatives. The combination of our integrated R&D platform and experienced researchers have been instrumental to our drug development programmes and is critical to our future R&D as we continue to develop new drug candidates and technologies such as PROTAC. PROTAC is a novel drug discovery technology platform for targeting and/or degrading undruggable and oncogene mutant drivers that drive the resistance to the targeted therapies. We

are currently employing the PROTAC technology with an aim to develop the AR degrader and other degraders for cancer patients with unmet medical needs globally. In March 2020, we received the acknowledgement of receipt from the State Intellectual Property Office for our patent application for PROTAC.

We believe our continued investment in R&D infrastructure and talent will position us well to advance the clinical development of our clinical-stage drug candidates as well as the pre-clinical development of our existing and future drug candidates.

Explore potential strategic partnerships with global pharmaceutical companies through licensing-in, licensing-out and collaboration opportunities

We obtained an exclusive global licence from Pfizer to develop and commercialise ALK-1, and we intend to explore additional opportunities for strategic partnerships with global pharmaceutical companies through licensing-in, licensing-out and collaborations to support our drug development programmes and commercialisation of drug candidates. We believe our relationship with Pfizer is a testament to our strong business development and R&D capabilities, while laying the groundwork for us to explore future potential collaborations with other multinational pharmaceutical companies. We plan to seek collaboration opportunities in various aspects of our drug development process, including pre-clinical technology, clinical combination therapies and commercialisation. For example, we intend to seek collaboration opportunities with global pharmaceutical companies to develop combination therapies. We also intend to seek strategic partnership opportunities in androgen-related therapeutic areas in order to leverage our expertise and significant experience in this field.

OUR PIPELINE OF DRUG CANDIDATES

Our Clinical Stage Drug Candidates

Our Core Product–Proxalutamide (GT0918) (普克魯胺) (mCRPC)

Proxalutamide is a small molecule second generation AR antagonist. We are currently developing Proxalutamide for the treatment of mCRPC and AR+ metastatic breast cancer.

Our pre-clinical and clinical research on Proxalutamide for prostate cancer and AR+ breast cancer were recognised as a Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創制"科技重大專項) in 2011 and 2017, respectively.

We commenced pre-clinical research of Proxalutamide in April 2010. We received approval from the NMPA in 2015 to conduct phase I to phase III clinical trials for Proxalutamide for mCRPC in China, and Proxalutamide was classified as a key designated project and a key category of drug subject to a special review process. We completed phase I and phase II clinical trials for Proxalutamide for mCRPC in China in 2016 and 2017, respectively. We commenced phase III clinical trials of Proxalutamide for mCRPC in China in May 2018.

We are currently undergoing phase II clinical trials for Proxalutamide for mCRPC in the United States.

We received approval from the CDE in 2018 to conduct Phase III clinical trials for Proxalutamide in combination therapy with Abiraterone for mCRPC as a first-line combination therapy and are undergoing phase III clinical trials for Proxalutamide in combination therapy with Abiraterone in China.

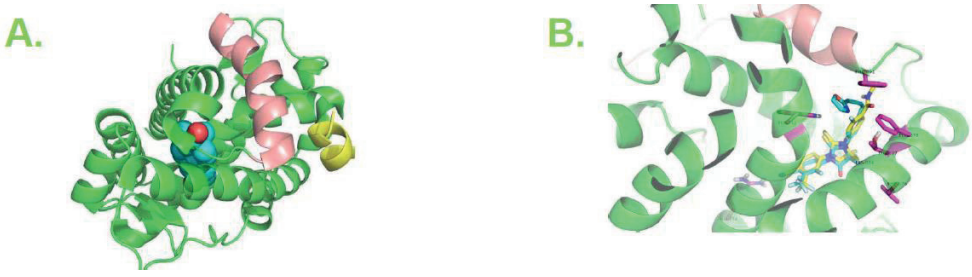
Mechanism of Action

The reactivation of AR plays a key role in prostate cancer growth, especially in CRPC progression. Accumulated data have demonstrated that AR reactivation results from AR amplification, AR over-expression and mutations in the AR ligand binding domain ("**LBD**"), as well as AR splicing variants. AR reactivation also drives resistance to AR-targeted therapies, including first and second generations of AR antagonists, such as Bicalutamide and Enzalutamide.

A novel AR binding pose through Proxalutamide has been found to inhibit androgen from binding to AR by overcoming AR reactivation and to induce decreased AR expression in patients with mCRPC. Proxalutamide binds to the AR LBD binding pocket and its structure pushes away AR helix 12, resulting in decreased interaction between the AR helix 12 and the AR LBD pocket and increased binding affinity to the AR LBD. This creates a unique and significant difference from other AR blockers such as Enzalutamide.

In addition, Proxalutamide can significantly inhibit the androgen-induced transactivation of wild-type AR, and it also blocks the transcriptional activity of test mutant ARs that arise in targeted AR therapies, including the AR F877L mutation that converts Enzalutamide and Apalutamide from antagonist to agonist activity.

The following pictures illustrate the mechanism of action of Proxalutamide's binding to the AR LBD based on computer modelling:

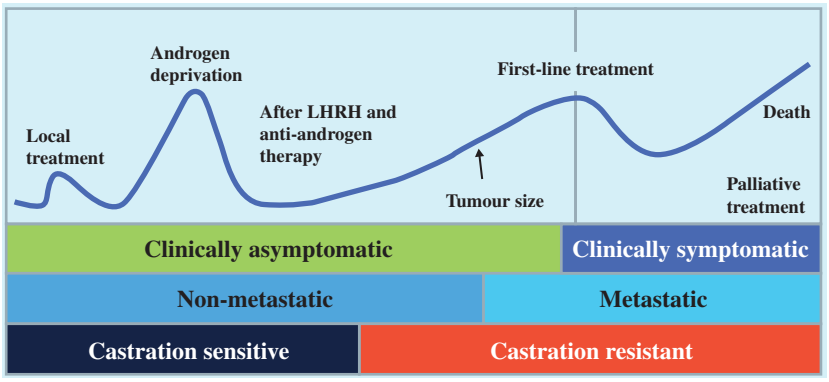


Source: Company

In picture A, AR agonistic conformation helix 12 is marked in salmon and the co-regulator peptide is marked in yellow. Picture B shows Proxalutamide's binding to the AR LBD with an additional hydrophobic interaction with the AR helix 12 (via3-(oxazol-2-yl)propylgroup), which enhances the binding affinity and pushes away the AR helix 12 from the AR LBD.

Current Therapies and Limitations

The following chart sets forth current therapies that are typically used in different stages of prostate cancer:



Source: Adapted from Higano C, et al. In: Figg WD, et all. Drug Management of Prostate Cancer: 2010.

The current treatments for mCRPC can be broadly classified into four categories based on their mechanism of action: (i) anti-microtubule drugs such as Docetaxel and Cabazitaxel; (ii) CYP17A enzyme irreversible inhibitors such as Abiraterone; (iii) AR inhibitors such as Enzalutamide; and (iv) radiation therapies such as Xofigo.

Docetaxel acts mainly through the suppression of microtubule dynamic assembly and disassembly. As a chemotherapy drug, Docetaxel has shown relatively more serious side effects, including allergic reactions, myelosuppression, digestive tract reactions, fluid retention and angioedema, cardiovascular toxicity, fatigue and tearing.

Abiraterone acetate blocks the synthesis of androgen from testes, adrenal glands and prostate. Abiraterone must be used in combination with steroids such as Prednisone and, as a result, may not be suitable for the patients for whom steroid use is not recommended. In addition, some studies have shown that Abiraterone provides a lower survival route for patients in worse physical condition, so it should be used in early stages before the physical condition of the patients begin to decline.

Enzalutamide is a second generation AR signalling inhibitor that blocks androgen binding to ARs and prevents nuclear translocation of the ligand-receptor complex and recruitment of coactivators. Enzalutamide has clinically revealed central nervous system side effects of seizure. In addition, Enzalutamide eventually leads to drug resistance.

Xofigo (Radium 223 dichloride), an alpha particle-emitting pharmaceutical, is a radiotherapeutic drug that was only approved by the U.S. FDA for the treatment of mCRPC with bone metastases. It may not be suitable for the treatment of mCRPC patients with visceral metastases.

In addition to the current treatments above, there are drug candidates under development for targeted therapies of selected PARP 1/2 inhibitors, which also act on BRCA1 and BRCA2 mutations. Olaparib is a poly (ADP-ribose) polymerase (PARP) inhibitor. It selectively binds to and inhibits PARP, inhibiting PARP-mediated repair of single strand DNA breaks. Olaparib (Lynparza) has been approved by the U.S. FDA for recurrent germline BRCA-mutated ovarian cancer and gBRCAm and HER2- metastatic breast cancer, but has not been approved for the treatment of patients with mCRPC. Olaparib may be effective in men with mCRPC who have a homologous recombination repair gene mutation (HRRm) and have failed prior treatment with new hormonal anticancer agents (second generation anti-androgen agent).

Summary of Clinical Results

As of the Latest Practicable Date, we were conducting (i) phase III clinical trials for Proxalutamide as a monotherapy for mCRPC in China; (ii) phase III clinical trials for Proxalutamide in combination therapy with Abiraterone for mCRPC in China; and (iii) phase II clinical trials for Proxalutamide as a monotherapy for mCRPC in the United States.

On-going phase III clinical trials in China (monotherapy for mCRPC).

We began our communications with the NMPA in January 2018 regarding our phase III clinical trials of Proxalutamide based on the interim analysis results of our phase II clinical trials of Proxalutamide for mCRPC. We obtained the approval for our phase III clinical trials design from the NMPA in April 2018 and we commenced phase III clinical trials for Proxalutamide for mCRPC in May 2018. We carried out multi-centre, randomised, double-blind, placebo-controlled clinical trials evaluating the safety and efficacy of Proxalutamide in patients with mCRPC who have failed Abiraterone and Docetaxel treatments. Patient enrolment commenced in September 2018 and is expected to be completed around mid-2020.

The primary objective of the phase III clinical trials is to evaluate the impact on the rPFS and overall survival time ("**OS**"), the safety as well as the relationship between the discovery of biomarkers and the efficacy in mCRPC treatment of the Proxalutamide tablets (in comparison with placebo) in patients with mCRPC who have failed Abiraterone and Docetaxel treatments, which can provide a critical clinical basis for the NDA of Proxalutamide tablets. We expect to enrol approximately 294 patients who meet the criteria from 38 sites nationwide and randomly assign them to the test group and the control group in the proportion of 2:1. The number of patients in the test group and the control group will be 196 and 98, respectively. The patients in the test group and the control group will be treated daily with Proxalutamide or placebo, respectively. The use of placebo for the control group is ethical because there is currently no effective treatment available for patients who have failed Abiraterone and Docetaxel, and we have obtained ethical approvals for our clinical trials in all 38 sites involved. For patients in the test group, as the results on efficacy in the phase II clinical trials in China showed that Proxalutamide demonstrated obvious efficacy at a dose of 200 mg/day after meal, the dosage of Proxalutamide is currently fixed at 200 mg (dosing after meals). The choice of 200 mg dose level after meal was based on (i) the conclusion from our phase I clinical trials in China that 400 mg was well tolerated with oral administration in a fasted state; and (ii) the conclusion from our phase II clinical trials that there was clear efficacy in the 200 mg dose group while the 300 mg dose group did not achieve noticeable better efficacy. Compared with our on-going phase II clinical trials in the United States that chose 400 mg dose level in a fasted state, the required dose level for post-meal administration would be significantly lower because pharmacokinetic studies of single oral administration of Proxalutamide in Chinese subjects showed that *in vivo* exposure for post-meal administration of Proxalutamide increased significantly compared with pre-meal administration (1.7 times higher in terms of AUC_{0-t}). Each treatment cycle lasts 28 days until subjects first experience disease progression, intolerable AE or withdraw their consents. When an intolerant toxic reaction occurs during the trials, a dosage adjustment can be made and if the reaction is not relieved after the dosage adjustment, the treatment with the test drug will be terminated. We have obtained ethical approvals for the clinical trials in all 38 centres and the patients do not have any other drugs of the same type available.

As of 24 April 2020, we had enrolled 275 patients for this clinical trial in China and the enrolment of the remaining patients is expected to be completed around mid-2020. Since the rPFS and OS of patients with mCRPC who have failed Abiraterone and Docetaxel treatments

are relatively short, we expect to complete the collection, analysis and summary of rPFS events in the first half of 2020. We expect to submit an official NDA to the NMPA for the commercialisation of Proxalutamdie tablets after we obtain the interim analysis results of the phase III clinical trials.

On-going phase III clinical trials in China (combination therapy with Abiraterone for mCRPC).

We carried out multi-centre, randomised, double-blind phase III clinical trials evaluating the efficacy and safety of Proxalutamide's combination therapy with Abiraterone in comparison with Abiraterone in monotherapy as a first-line treatment for mCRPC. The phase III clinical trials of Proxalutamide in combination therapy are based on experience from the phase III clinical trials of Proxalutamide as a monotherapy for patients with mCRPC at the terminal stage. The combination therapy is used to provide a better clinical treatment for patients with newly diagnosed mCRPC, so that Proxalutamide is involved in the whole disease management process of the clinical strategy for prostate cancer. A total of 38 medical centres nationwide are involved in the trials. The enrolment of patients in the first and second phases began in April and August 2019, respectively and it is expected that the enrolment of all patients in the second phase will be completed by the fourth quarter of 2020.

The phase III clinical trials are divided into two stages. The safety and tolerability of Proxalutamide in combination therapy with Abiraterone are determined in the first stage, and a safe and tolerable dose will be selected for entering the second stage for further evaluation of the efficacy and safety of Proxalutamide in combination therapy with Abiraterone in comparison with Abiraterone in monotherapy as a first-line treatment for mCRPC.

The first stage adopted multi-centre (six centres were involved), open, one-arm design and parallel enrolment of six patients with mCRPC. According to the plan, the patients would be treated with Proxalutamide of 400 mg (oral pre-meal administration) in combination with Abiraterone of 1000 mg (oral pre-meal administration). As pharmacokinetic studies of Proxalutamide showed that *in vivo* exposure for post-meal administration of Proxalutamide increased significantly compared with pre-meal administration (1.7 times higher in terms of AUC_{0-t}), and the drug instructions of Abiraterone require administration in a fasted state, in order to increase patient compliance and ensure sufficient exposure of Proxalutamide *in vivo*, the combination therapy protocol was designed to be joint administration pre-meal and the dose of Proxalutamide was set at 400 mg/day, as compared to 200 mg/day in our monotherapy trials. The safety and tolerability of the combination therapy would be observed in 28 days from the first administration. If none of these six patients have DLT or only one of them has DLT, then doses would be selected for the second stage. If there are two or more of these six patients have DLT, then another six patients with mCRPC would be enrolled in parallel for the combination therapy with Proxalutamide of 300 mg and Abiraterone of 1000 mg. The de-escalation in the doses of Proxalutamide and Abiraterone would be used to explore the maximum doses of Proxalutamide and Abiraterone that the patients could tolerate. The lowest acceptable doses of Proxalutamide and Abiraterone were 300 mg and 750 mg (both for oral pre-meal administration), respectively, otherwise the second stage of the clinical plan would be abandoned.

The second stage is for the evaluation of the rPFS, other pharmacodynamic indicators and safety of the combination therapy of Proxalutamdie and Abiraterone in comparison with the monotherapy of Abiraterone in the first-line treatment of mCRPC. The second stage will also evaluate the pharmacokinetics characteristics of Proxalutamide and Abiraterone based on the population PK analysis methods to explore the drug interaction between Proxalutamide and Abiraterone and evaluate the relationship between the level of biomarkers discovery and

efficacy. The second phase will adopt a multi-centre, randomised and double-blind design. According to the plan, a total of 588 patients with mCRPC will be enrolled and randomly assigned to corresponding treatment groups in the proportion of 1:1, with 294 patients in each group. The second stage will adopt the interactive web response system (IWRS) for block randomisation. The stratification factors will include whether there is visceral metastasis, whether cytotoxic drugs (such as Docetaxel) are used for systemic therapy in the hormone sensitive period and the Gleason score (Gleason score lower than 8 points, Gleason score equals to or higher than 8 points or no Gleason score). Each treatment cycle lasts for 28 days, until subjects first experience disease progression, intolerable AE or withdraw their consents.

The first patient in the first stage was enrolled on 30 April 2019. On 27 June 2019, the safety evaluation of the combination therapy of Proxalutamide of 400 mg (oral pre-meal administration) and Abiraterone of 1000 mg (oral pre-meal administration) in the six patients was completed and no DLT was observed in the patients. The Safety Monitoring Committee meeting was held on 10 July 2019, agreeing to conclude the first stage of the clinical trial of the combination therapy and enter the second stage.

The first participant in the second stage was enrolled on 1 August 2019. As of 24 April 2020, 252 patients were enrolled for the second stage of the phase III clinical trials. It is expected that the enrolment of 588 patients in total will be completed in the fourth quarter of 2020, and the phase III clinical trials results will be available in the first half of 2021 for the official NDA to the NMPA for the combination therapy of Proxalutamide and Abiraterone for the treatment mCRPC.

On-going phase II clinical trials in the United States (monotherapy for mCRPC).

We commenced phase II clinical trials for Proxalutamide for mCRPC in June 2019 in the United States. We are carrying out multi-centre, open-label, randomised study evaluating the safety and tolerability of Proxalutamide in patients with mCRPC who have failed Abiraterone or Enzalutamide treatment.

All patients are randomised to take 400 mg or 500 mg of Proxalutamide by oral administration once daily in a fasted state based on the conclusion of the phase I clinical trials in the United States for an initial treatment period of six months and will continue treatment with Proxalutamide at their assigned dose in a fasted state until disease progression or intolerable AEs occur or the patient's consent is withdrawn. A post-treatment period of four weeks will follow and the study will conclude with an end-of-study visit.

Disease progression is assessed by three methods over the duration of the study. Patients are assessed for PSA progression measured monthly, as well as radiographic progression by CT scan or/and bone progression by radionuclide bone scan every 12 weeks.

We expect to enrol 60 patients (in two treatment arms of 30 patients) in 10 study centres located in the United States. The 30 patients in treatment arm 1 (15 of whom have failed Enzalutamide and 15 of whom have failed Abiraterone) will take 400 mg of Proxalutamide per day and the 30 patients in treatment arm 2 (15 of whom have failed Enzalutamide and 15 of whom have failed Abiraterone) will take 500 mg of Proxalutamide per day (all in fasted state). As of 24 April 2020, we had enrolled 28 patients in treatment arm 1 and 27 patients in treatment arm 2, respectively, for phase II clinical trials in the United States. We target to complete our on-going phase II clinical trials for Proxalutamide in patients with mCRPC who have failed Abiraterone or Enzalutamide treatment in United States by the end of 2020.

Summary of phase II clinical trials in China (monotherapy for mCRPC).

The phase II clinical trials evaluating Proxalutamide tablets for the treatment of mCRPC were open, randomised and multi-centre clinical studies, and involved 17 sites nationwide. The enrolment of patients commenced on 6 July 2017 and completed on 11 May 2018.

- *Study design.* The phase II clinical trials planned to enrol 105 patients who met all inclusion criteria and did not meet any of the exclusion criteria. According to the plan, all patients would be assigned to the 100 mg/day dose group, the 200 mg/day dose group and the 300 mg/day dose group at a ratio of 1:1:1 through central randomisation. Two or more research centres would be designated as pharmacokinetic analysis centres and nine patients out of the 105 patients would be enrolled in the PK study. These patients would also be assigned to three dose groups at a ratio of 1:1:1. 108 patients were actually enrolled, including 37 patients in the 100 mg/day dose group, 35 patients in the 200 mg/day dose group and 36 patients in the 300 mg/day dose group. 98 patients met the per protocol set (PPS), including 33 patients in the 100 mg/day dose group, 33 patients in the 200 mg/day dose group and 32 patients in the 300 mg/day dose group, all of whom were mCRPC patients who had failed standard chemotherapy regimen containing Docetaxel or were unable to tolerate or unwilling to receive standard chemotherapy treatment. The objective was to discover the appropriate dose for phase III clinical trials.

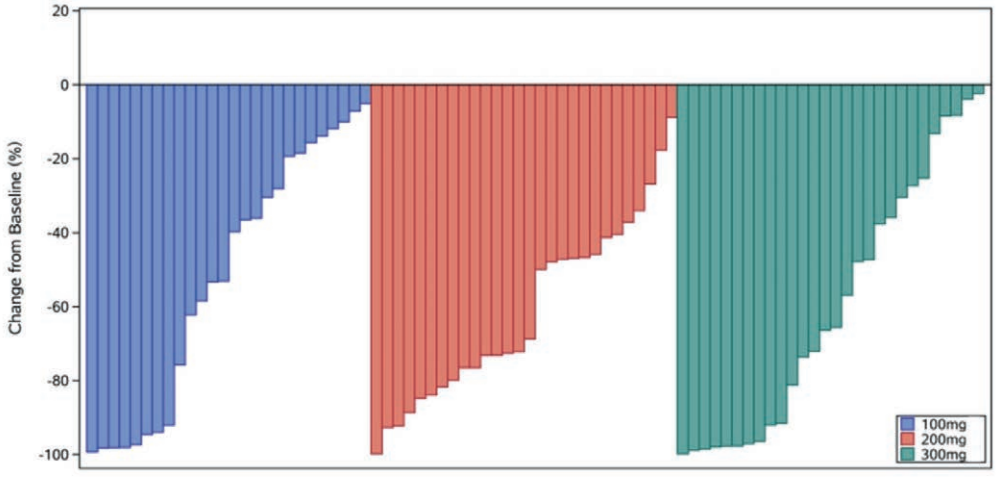
  The trials adopted postprandial oral administration of Proxalutamide, which was based on the results of another clinical trial on the impact of food on Proxalutamide. Patients received oral Proxalutamide tablets once daily at the dose corresponding to their dose groups. The phase II clinical trials included a screening period (up to 28 days), a treatment period (28 days per treatment cycle), and a safety follow-up period (28 days after the last dose). During the treatment, patients received oral Proxalutamide tablets once daily at the dose corresponding to their dose groups until no longer clinically benefiting ("**NLCB**") as recommended by the Prostate Cancer Working Group 3 ("**PCWG3**"), or the patients were unable to tolerate the test drug, otherwise the test drug treatment lasted six treatment cycles. After the patients had received six cycles of treatment, the investigators evaluated and confirmed that the patients' benefit is greater than the risk, and the patients could enter the extended medication period voluntarily until NLCB as recommended by the PCWG3, or the patients were unable to tolerate the test drugs.

- *Safety.* Proxalutamide demonstrated good overall safety profile in phase II clinical trials. 75.0% of the patients in the phase II clinical trials had AE associated with Proxalutamide, among which 13.0% of the patients had grade 3 or higher AE associated with Proxalutamide, 4.6% of the patients had SAEs (one out of 37 patients (2.7%) in the 100 mg/day dose group, two out of 35 patients (5.7%) in the 200 mg/day dose group and two out of 36 patients (5.6%) in the 300 mg/day dose group) and the SAE incidence rates of 200 mg/day and 300 mg/day dose groups were slightly higher than the 100 mg/day dose group. The five SAEs were vomiting, anemia, fatigue, hypokalemia and pulmonary infection, respectively. 8.3% of the patients had AEs associated with Proxalutamide leading to discontinuation of administration of the test drug; 2.8% of the patients had AEs associated with Proxalutamide leading to withdrawal from clinical trials and there were no AE that might be associated with Proxalutamide leading to death. The severity of the Proxalutamide-related AEs in patients was mostly mild or moderate. The AEs associated with Proxalutamide that had an occurrence rate of 10% or above mainly included fatigue, anemia, elevated aspartate aminotransferase, elevated alanine

aminotransferase, decreased appetite, and decreased white blood cell count and proteinuria. There was no epilepsy in the clinical trials. The incidence rates of various AEs generally showed a dose-dependent trend.

- *Pharmacokinetics.* In single oral administration of Proxalutamide tablets, the median time to peak ("**t_{max}**") of the three dose groups (100 mg/day, 200 mg/day and 300 mg/day) was 3 hours, and the geometric mean values of C_{max} (GCV%) were 5010 (6.7%), 10700 (24.2%) and 14900 (20.2%) ng/mL. The mean value of the mean elimination half-life (t1/2) of the three dose groups was 37.2 hours to 61.9 hours. The geometric mean values of AUC_{0-t} (GCV%) in the three dose groups were 58,200 (15.0%), 141,000 (25.6%) and 196,000 (12.8%) h*ng/mL, respectively, which increased with increasing dose. After 28 days of continuous oral administration of Proxalutamide tablets, the median t_{max} values of the three dose groups (100 mg/day, 200 mg/day and 300 mg/day) were 4.00 hours, 2.00 hours and 4.00 hours, respectively. The geometric mean values of C_{max} (GCV%) were 16,500 (1.9%), 48,400 (66.1%), and 81,100 (38.3%) ng/mL, respectively. The geometric mean values of AUC_{0-t} (GCV%) in the three dose groups were 306,000 (8.6%), 995,000 (86.0%), and 1,690,000 (39.7%) h*ng/mL, respectively. The mean values of the actual accumulation ratio (AR_AUC_{0-24}) of the three dose groups were 5.27, 7.80, and 8.81, respectively, indicating that GT0918 had a tendency to accumulate in the body after multiple doses. In the dose range of 100-300 mg, after administration of Proxalutamide tablets, the exposure of AUC_{0-t} and C_{max} on day 1 and day 28 of GT0918 and its metabolite GT0955 increased with increasing dose.

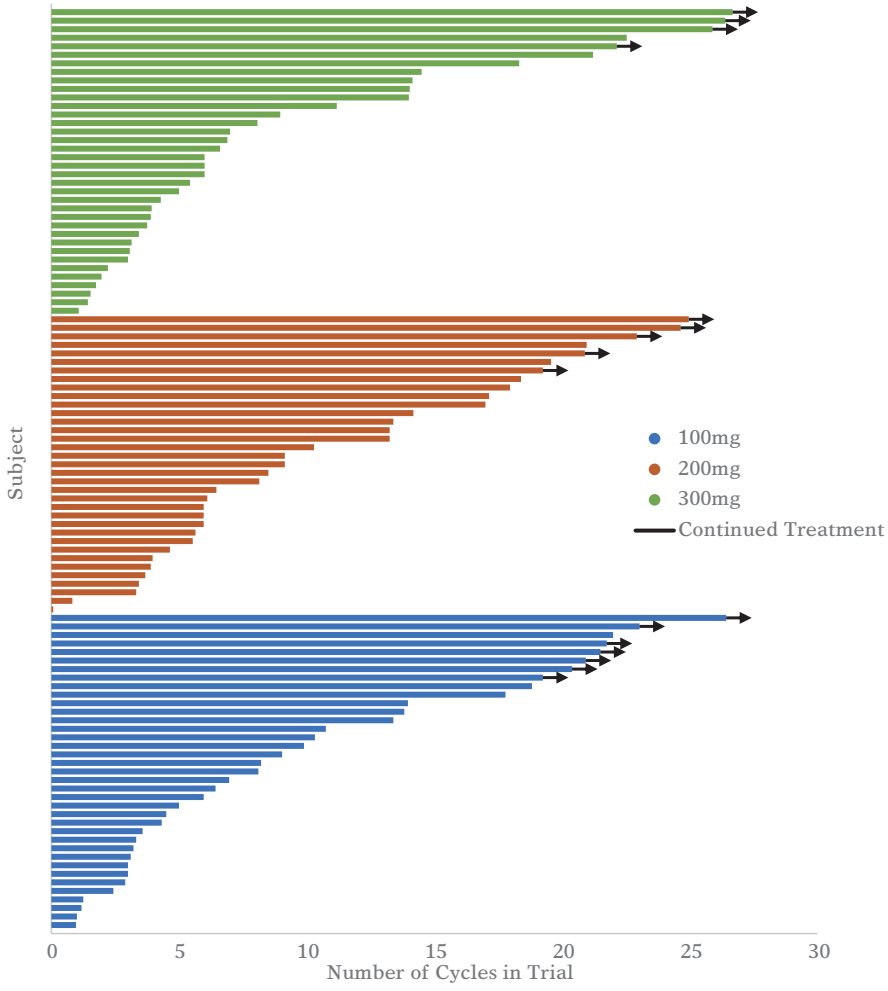
- *Efficacy.* The median age of the 108 patients with mCRPC was 70.0 years old. 95 patients (88.0%) had stage IV prostate cancer in their initial diagnosis, and 69.4% of the patients had Gleason score of 8 or higher. In most cases, distant metastases occurred in the patient's initial diagnosis. All patients had undergone endocrine castration therapy in the past. In the full analysis set (FAS), the proportion of patients with a maximum PSA decline of more than 50% during the study period was 41.9% (44 out of 105 patients) (35.1% (13 out of 37 patients), 45.5% (15 out of 33 patients) and 45.7% (16 out of 35 patients) in the 100 mg/day, 200 mg/day, and 300 mg/day dose groups, respectively).



Source: Company

The Independent Review Committee evaluated the efficacy based on the RECIST 1.1 guidelines. 19 patients in the phase II clinical trials had target lesions, among which five patients were in the 100mg dose group, nine patients were in the 200mg dose group and five patients were in the 300mg dose group. In the overall efficacy assessment results of radiographic imaging of the 19 patients, there were three (15.8%) cases of partial response, 12 (63.2%) cases of stable disease and four (21.1%) cases of progressive disease. The overall response rate ("**ORR**") was 15.8% (three out of 19 patients) and the disease control rate ("**DCR**") was 78.9% (15 out of 19 patients). The ORR of the 100 mg, 200 mg, and 300 mg dose groups were 20.0% (one out of five patients), 22.2% (two out of nine patients) and 0 (zero out of five patients), respectively. The DCR of the 100 mg, 200 mg, and 300 mg dose groups were 80.0% (four out of five patients), 88.9%(eight out of nine patients) and 60% (three out of five patients), respectively.

In the FAS, 52.8% (57 out of 108 patients) of the patients entered the extended or donated period, among which there were 48.6% (18 out of 37 patients), 62.9% (22 out of 35 patients) and 47.2% (17 out of 36 patients) in the 100 mg/day, 200 mg/day and 300 mg/day dose groups, respectively. There were 16 patients who entered the extended period still in medication as of 25 November 2019. The specific medication duration is shown in the figure below. The longest patient medication period was 28 treatment cycles as of 25 November 2019.



Source: Company

The efficacy data from this phase II clinical trial are not directly comparable to those of the approved AR antagonists or other mCRPC drugs in the market because the trial designs are not identical.

- *Conclusion.* The phase II clinical trials preliminarily demonstrated the anti-tumour effect of Proxalutamide in mCRPC patients, and the AEs were mostly mild, generally showing a dose-dependent trend, overall safety was good and no epilepsy occurred. Subsequent clinical trials can further observe the efficacy and safety of Proxalutamide in patients with advanced mCRPC in the 200 mg/day (postprandial oral administration) or above dose groups. Based on overall safety and efficacy considerations, the recommended dose for phase III clinical trials in China is 200 mg/day (postprandial oral administration).

Summary of phase I clinical trials in China (monotherapy for mCRPC).

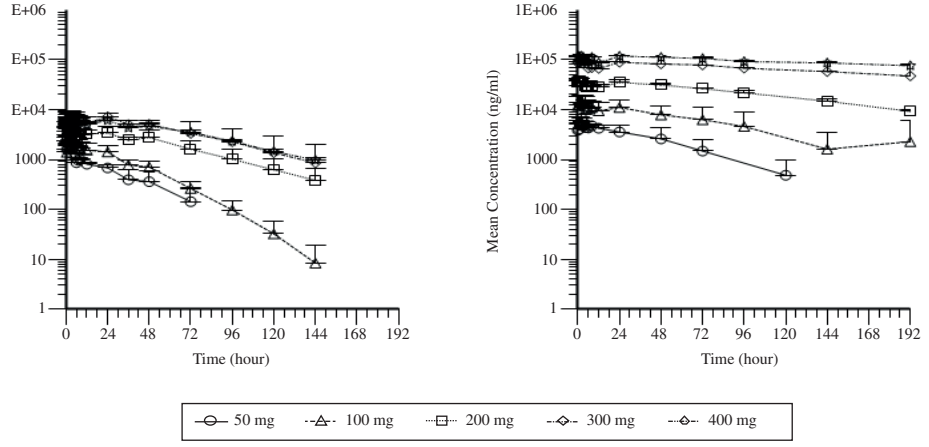
- *Study design*. We conducted single-centre, open, non-controlled, single oral and continuous oral dose escalation phase I clinical trials. The purpose of phase I clinical trials was to evaluate the safety, tolerance, pharmacokinetics and pharmacodynamics, as well as preliminary efficacy of Proxalutamide on advanced-stage mCRPC patients.

  There were five dose ascending groups – a 50 mg/day dose group, a 100 mg/day dose group, a 200 mg/day dose group, a 300 mg/day dose group and a 400 mg/day dose group. Proxalutamide was administered orally following overnight fasting. The ascending principle of the test adopted the 3+3 design, which proceeds with cohorts of three patients with the first cohort treated at a starting dose that is considered to be safe based on extrapolation from animal toxicological data, and the subsequent cohorts treated at increasing dose levels that have been fixed in advance. The subjects of the study were patients with advanced-stage mCRPC. 14 subjects completed the 28-day first cycle of multiple dosing dose escalation tests. Among these 14 subjects, there were two in the 50 mg/day dose group and three in each of the 100 mg/day dose group, 200 mg/day dose group, 300 mg/day dose group and 400 mg/day dose group, respectively.

- *Safety.* In phase I clinical trials, the dose escalation reached 400 mg. There was no DLT observed in any of the dose groups, nor was the maximum tolerated dose reached. The adverse reactions occurred were grade 1, comprising one case of hypercholesterolemia, one case hypertriglyceridemia and one case of fatigue in the 400 mg group, as well as one case of anemia in the 50 mg group. There were no adverse reactions in the 100 mg, 200 mg and 300 mg groups.

- *Pharmacokinetics*. Pharmacokinetics results showed that the exposure of Proxalutamide in the human body increased with dose escalation from 50 mg to 300 mg and the drug exposure tended to saturate when the dose reached 300 mg to 400 mg. The drug showed a tendency for delayed elimination from the 100 mg group to the 200 mg group, and was considered a low clearance compound.

The following charts set forth the exposure of Proxalutamide in human body in different dosage levels:



Source: Company

- *Efficacy.* Based on the preliminary observation of imaging, all of the 12 patients who completed three cycles of multiple dosing dose escalation tests showed no progression of target lesions and non-target lesions in imaging as compared to baselines at the end of the third cycle. Both patients who completed six cycles of multiple dosing dose escalation tests showed no progression of target lesions and non-target lesions in imaging as compared to baselines. Eight (two in the 100 mg group, two in the 200 mg group, one in the 300 mg group and three in the 400 mg group) out of the 12 patients at the end of the third cycle of multiple dosing dose escalation tests had decreased lowest PSA levels as compared to baselines.

- *Conclusion.* Dose escalation results demonstrated a good safety and tolerability profile of Proxalutamide in advanced-stage mCRPC patients. Proxalutamide remains well tolerated at 400 mg per day during long-term treatment with no MTD observed. Based on the pharmacokinetics results in single and multiple dosing dose escalation tests, Proxalutamide showed good drug exposure and elimination in patients and met the expectation of one dosing per day. The two patients in the 200 mg group had no disease progression after completing six cycles of multiple dosing dose escalation tests, which, in combination with imaging results, demonstrated preliminary efficacy of Proxalutamide in advanced-stage mCRPC patients.

Summary of phase I clinical trials in the United States (monotherapy for mCRPC).

- *Study design.* We carried out multi-centre, open-label dose escalation tests and pharmacokinetic studies of single oral and continuous oral administration in phase I clinical trials for Proxalutamide for mCRPC in the United States. The purpose of phase I clinical trials was to identify DLTs and to assess safety, tolerability, and pharmacokinetics of Proxalutamide in patients with mCRPC who have progressed on standard of care and experimental therapies in the United States.

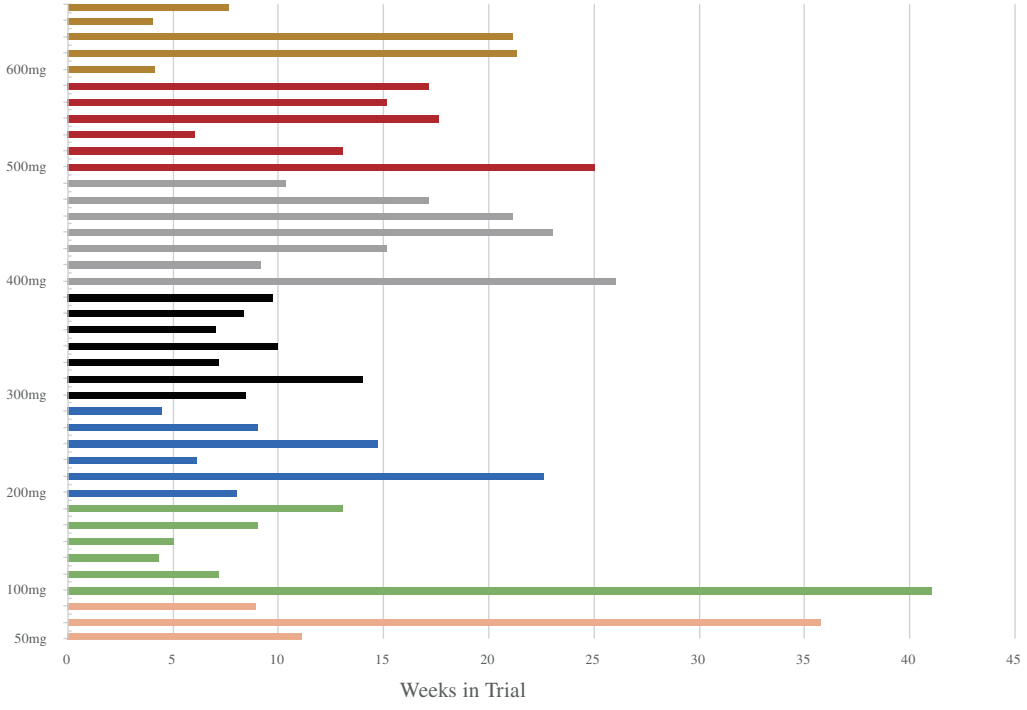
  The starting dose cohort in the dose escalation stage received 50 mg per oral once daily administered to three patients in a fasted state. The next dose cohort in the dose escalation stage was 100 mg per oral once daily administered to six patients in a fasted state with escalation to the following dose levels – 200 mg, 300 mg, 400 mg,

500 mg and 600 mg, each having a total of at least five patients per cohort. A total of 40 patients were treated with Proxalutamide at seven dose levels: daily 50 mg (n=3), 100 mg (n=6), 200 mg (n=6), 300 mg (n=7), 400 mg (n=7), 500 mg (n=6) and 600 mg (n=5).

During the dose escalation stage, all patients took Proxalutamide oral administration once daily in a fasted state for 28 consecutive days, followed by at least a seven-day off-treatment period for pharmacokinetics analysis. Patients continued on Proxalutamide thereafter until they first experienced, disease progression, intolerable AE or withdrew consent.

- *Safety.* In phase I clinical trials, the dose escalation reached 600 mg and there was no Proxalutamide-related DLT identified. Adverse reactions included fatigue, nausea, dizziness, loss of appetite, back pain, hot flush, hypercholesterolemia, anemia, and constipation. Two events of grade 3 fatigue and one event of grade 4 elevated creatine kinase unrelated to Proxalutamide were reported.

- *Efficacy*. All patients progressed on multiple lines of therapies including but not limited to Bicalutamide, Abiraterone, Enzalutamide, Docetaxel, Cabazitaxel, Radium 223, Sipuleucel T and Pembrolizumab. The following chart sets forth the treatment duration in 40 patients with Proxalutamide doses from 50 mg to 600 mg:



Source: Company

- *Conclusion*. Data showed that Proxalutamide administrated orally once a day in a fasted state is well tolerated up to 600 mg dose cohort during long-term treatment with no MTD observed. Based on clinical outcomes from phase I studies in the United States, the expanded/phase II was recommended to further evaluate the safety and tolerability of Proxalutamide at two dosages: 400 mg and 500 mg in eligible subjects with mCRPC.

Market Opportunity and Competition

The following table sets forth a summary of Proxalutamide and other AR antagonist drug candidates currently in clinical trials or NDA approved AR antagonists for mCRPC in China that potentially compete with Proxalutamide:

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Proxalutamide (monotherapy)	Suzhou Kintor	Phase III	2 July 2018	A unique dual-acting mechanism that not only inhibits ARs, but also exhibits the biological effect of down-regulating AR expression
Proxalutamide (combination therapy with Abiraterone)	Suzhou Kintor	Phase III	20 December 2018	
Enzalutamide	Pfizer/Astellas	NDA approved	18 November 2019	Blocks androgen binding to its receptor and prevents nuclear translocation of ligand-receptor complex and recruitment of coactivators
HC-1119	Haisco	Phase III	1 March 2019	A deuterated form of enzalutamide, which shares the same mechanism but differentiates with decreased metabolism and increased pharmacokinetic profile, resulting in better efficacy
SHR-3680 (combination therapy with Fluzoparib)	Hengrui	Phase II	4 April 2019	Competitively bind to AR in target tissues, which both prevents androgen-induced receptor activation and facilitates the formation of inactive complexes that cannot be translocated to the nucleus

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
SHR-3680 (monotherapy)	Hengrui	Phase I/II	2 February 2016	
Apalutamide	Johnson & Johnson	Phase I	5 June 2018	Directly binds to the ligand-binding domain of AR, inhibits AR nuclear translocation, inhibits DNA binding, and impedes AR-mediated transcription

Source: Frost & Sullivan Report

The following table sets forth a summary of Proxalutamide and other AR antagonist drug candidates currently in clinical trials or NDA approved AR antagonists for mCRPC in the U.S. that potentially compete with Proxalutamide:

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
Proxalutamide	Suzhou Kintor	Phase II	2 April 2019	A unique dual-acting mechanism that not only inhibits ARs, but also exhibits the biological effect of down-regulating AR expression
Enzalutamide	Pfizer/Astellas	NDA approved	31 August 2012	Blocks androgen binding to its receptor and prevents nuclear translocation of ligand-receptor complex and recruitment of coactivators
Apalutamide + Abiraterone and Prednisone	Aragon/Johnson & Johnson	Phase III	6 October 2014	Directly binds to the ligand-binding domain of AR, inhibits AR nuclear translocation, inhibits DNA binding, and impedes AR-mediated transcription
Darolutamide	Bayer/Orion	Phase I/II	17 March 2011	Competitively inhibits androgen binding, AR nuclear translocation, and AR-mediated transcription

Drug Name	Company	Status	Milestone (Date First Posted)	Mechanism of Action
TRC253	Tracon/Johnson & Johnson	Phase I/IIa	9 December 2016	TRC253 is a pan-inhibitor of multiple AR mutations, including the F876L mutation, which results in an alteration in the ligand binding domain that confers resistance to current AR inhibitors
TAS3681	Taiho	Phase I	2 October 2015	TAS3681 suppresses ligand independent AR activation, caused by induction of AR splice variants or c-Myc expression, to overcome the drug-resistant issue of current AR antagonists
ONC1-0013B	Avionco	Phase I	8 March 2017	ONC1-0013B inhibits DHT-stimulated PSA expression and proliferation of prostate cancer cells, and prevents binding of androgens to the AR ligand-binding domain, androgen-stimulated AR nuclear translocation and coactivator complex formation

Source: Frost & Sullivan Report

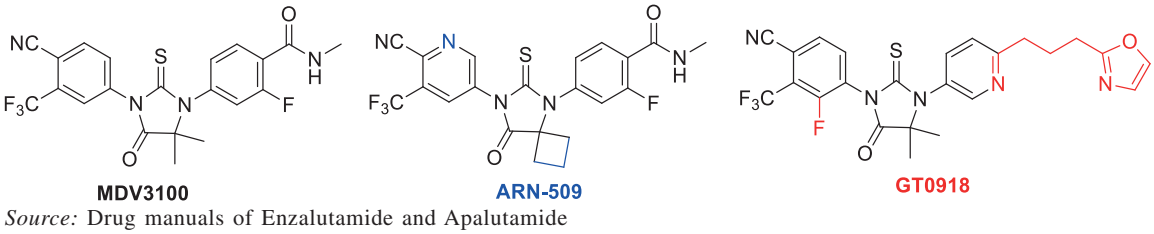
Nilutamide, Flutamide and Bicalutamide are first generation AR antagonists, among which Bicalutamide is the best-in-class first-generation AR antagonist as it has lower toxicity. Bicalutamide can effectively treat prostate cancer patients in the initial stage but loses its efficacy within one or two years. Drug resistance to Bicalutamide in CRPC patients is due to the increased expression of AR or receptor gene mutations in cancer cells, resulting in a repressive effect on AR antagonists. Moreover, Bicalutamide has lower specificity compared with second generation AR antagonists such as Enzalutamide as an AR antagonist and it has certain activation effects for ARs in CRPC cells, and it is therefore no longer a full antagonist to ARs. Consequently, Bicalutamide plays an important role in the treatment of early stage prostate cancer, but its efficacy in the treatment of advanced CRPC is limited. The main difference between the first generation and the second generation AR antagonists is that the second generation AR antagonists do not have agonism effect on ARs in tumour cells and thus maintain full antagonist activity.

Proxalutamide is a second generation AR antagonist and has a new chemical structure. Compared with other second generation AR antagonists represented by Enzalutamide, the chemical structure of Proxalutamide (GT0918) has changed significantly. Proxalutamide's chemical structure has several changes that improve the solubility and pharmacokinetics of the molecules and avoid excessive drug accumulation, which may eliminate seizure, the clinically revealed central nervous system side effects of Enzalutamide. While such changes are consistent with the development efforts of the AR antagonist Apalutamide, which was approved in 2018 in the United States, Proxalutamide's chemical structure differs more significantly from Enzalutamide compared with Apalutamide.

Proxalutamide also has a mechanism to induce the down-regulation of AR expression. Consequently, when compared with Enzalutamide, Proxalutamide is not a simple "me-too" compound due to the differences in chemical structure and mechanism.

According to published *in vitro* biochemical studies conducted by us, the IC_{50} of AR binding for Proxalutamide (GT0918) and Enzalutamide (MDV3100) was 3.2x10-8 and 1.1x10-7M, respectively, and the Ki of AR binding for Proxalutamide (GT0918) and Enzalutamide (MDV3100) was 1.4x10-8 and 4.9x10-8M, respectively, indicating that the activity of Proxalutamide in binding AR protein is 3.4 times higher than that of Enzalutamide, which enables Proxalutamide to inhibit the binding of androgens to their receptors more effectively. The western blot test (a test commonly used to detect antibodies and can be used to detect the PSA) results of the prostate cancer C4-2B (an osteotropic cell line which indicates bone metastasis) cell model showed that the percentage of Proxalutamide's and Enzalutamide's degrading AR protein was 68% and 9.6%, respectively, indicating that Proxalutamide can degrade the expression of AR protein more effectively than Enzalutamide. In addition, we also performed pre-clinical efficacy studies of Proxalutamide in a nude mice model of prostate cancer cell LNAaP. Immunohistochemical results showed that compared with the vehicle group, Proxalutamide significantly reduced AR expression in tumours.

The following pictures illustrate the differences in chemical structures of Enzalutamide (MDV3100), Apalutamide (ARN-509) and Proxalutamide (GT0918).



Source: Drug manuals of Enzalutamide and Apalutamide

We believe Proxalutamide has the potential to become the best-in-class second generation AR antagonist for mCRPC with the following advantages:

- *A unique dual-acting mechanism*. It not only effectively inhibits ARs, but also exhibits the biological effect of down regulating AR expression.

- *Higher AR antagonist binding affinity than Enzalutamide without AR agonist activity.*

- *Not triggering seizure*. There has been no incidence of triggering seizure among over 600 Proxalutamide users that received clinical trials.

- *Suitable for combination therapy*. *In vitro* hepatocytes metabolise enzymes tests demonstrated that Proxalutamide had no induction effect on enzyme CYP1A2, CYP2B6 and CYP3A4 while Apalutamide is a strong inducer for CYP3A4 and CYP2B6. Clinical trials have also proven that Apalutamide could significantly improve the activity of CYP3A4 and CYP2B6 and reduce the drug exposure *in vivo*. Abiraterone is metabolised mainly through CYP3A4, and as a result, the combination of Proxalutamide and Abiraterone has advantages in safety and efficacy.

Enzalutamide was approved in the United States for (i) post-chemotherapy advanced mCRPC in August 2012; (ii) mCRPC in July 2018; and (iii) metastatic castration-sensitive prostate cancer (mCSPC) in December 2019. It was also approved for mCRPC in China in November 2019.

The following table sets forth a summary of key efficacy data from Enzalutadmide's published clinical trials:

Clinical Trials	Indication	Control group	Test drug OS *(month)*	Control group OS *(month)*	Reduction in risk of death	Test drug rPFS *(month)*	Control group rPFS *(month)*	Reduction in risk of radiographic progression or death	Test drug Metastasis-Free Survival (MFS) *(month)*	Control group MFS *(month)*	Reduction in risk of metastasis or death
AFFIRM	Post-chemotherapy mCRPC	Placebo	18.4	13.6	37%	–	–	–	–	–	–
PREVAIL	mCRPC	Placebo	32.4	30.2	29%	Not reached	3.9	81%	–	–	–
TERRAIN	mCRPC	Bicalutamide	–	–	–	19.5	13.4	40%	–	–	–
ARCHES	mHSPC	Placebo	–	–	–	Not reached	19.0	61%	–	–	–
PROSPER	nmCRPC	Placebo	–	–	–	–	–	–	36.6	14.7	71%

Source: Summary of public clinical trials results

Clinical study results show that seizure occurred in 0.4% of patients receiving Enzalutamide. In a study of patients with predisposing factors for seizure, 2.2% of Enzalutamide-treated patients experienced seizure.

As of the Latest Practicable Date, Enzalutamide had not commenced sales in China, nor had it been listed on the National Reimbursement Drug List, according to Frost & Sullivan. While Enzalutamide and Proxalutamide are both second generation AR antagonists for the treatment of mCRPC, they target patients at different stages of mCRPC and we believe the potential market sizes of Proxalutamide and Enzalutamide in China are not directly comparable for the following reasons:

- in respect of Proxalutamide's monotherapy, while Enzalutamide was approved in November 2019 in China to treat mCRPC patients in whom chemotherapy is not yet clinically indicated, our Proxalutamide conducted phase III clinical trials on patients who have failed Abiraterone and Docetaxel treatments, and is expected to be approved and used for patients in later stages of mCRPC;

- in respect of Proxalutamide's combination therapy with Abiraterone, we expect to leverage the existing patient pool using Abiraterone in China and to convert a portion of this patient pool to users of Proxalutamide in combination of Abiraterone.

Near-term Plans

China. We expect to obtain the interim analysis result of phase III clinical trials by the first half of 2020, based on which we expect to apply for an accelerated NDA in 2020. In addition to seeking to achieve Proxalutamide's speed-to-market initially as a later-stage monotherapy in China, we intend to expand the indications of Proxalutamide to first-line therapy as a monotherapy for prostate cancer.

We also intend to explore various combination therapies for Proxalutamide. We expect to complete phase III clinical trials for Proxalutamide's combination therapy with Abiraterone for mCRPC in the first half of 2021. We also intend to pursue Proxalutamide's combination therapy with a PARP inhibitor by 2020.

United States. We plan to complete phase II clinical trials for mCRPC in the United States by the end of 2020. We plan to strategically progress our clinical development of Proxalutamide in the United States as a second-line monotherapy for mCRPC patients who have failed either Abitraterone or Enzalutamide.

Proxalutamide (metastatic breast cancer)

We received approval from the NMPA in 2017 to commence phase I to phase III clinical trials for Proxalutamide for breast cancer in China.

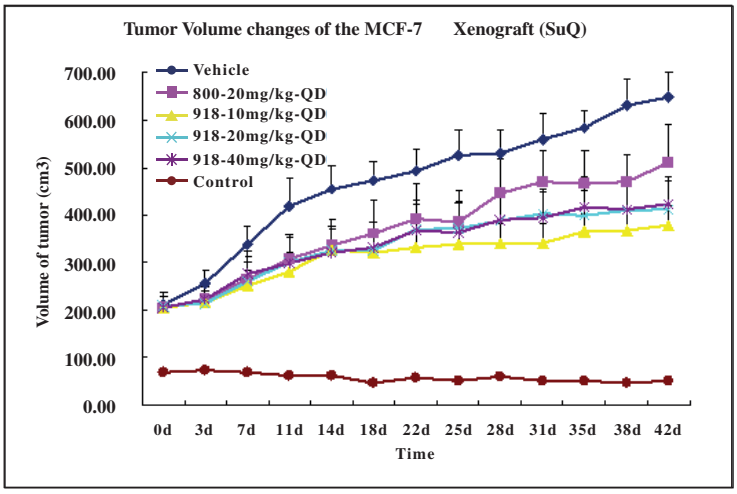
Progression of Breast Cancer and Mechanism of Action of AR Antagonists in its Treatment

Breast cancer grows slowly and its early symptoms are not obvious. For breast cancer to be detected by doctors, the tumour has to be a little more than one-half inch in size and one original malignant cancer cell has to divide 30 times to reach that size. For most types of breast cancer, the divide time is about one month to two months, which means that by the time the doctor can feel it, the cancer has actually been in the body for two to five years. When symptoms appear, it normally represents more advanced stages of breast cancer. Advanced stage breast cancer is mainly characterised by cachexia syndrome, including anorexia, loss of appetite, general malaise, loss of weight, anaemia and fever. Metastasis is very common among breast cancer patients. Even if clinically diagnosed breast cancer patients fail to have the axillary lymph nodes examined by doctors in the clinical diagnosis, approximately one third of the cases are found to have metastasised axillary lymph nodes during surgery. The common distant metastasis destinations through the blood are the lung, followed by bone, pleura, liver, brain, adrenal gland and others. The metastasis can create complications to patients and causes severe pain or death.

The frequency of AR expression is significantly different ($p<0.0001$) among different molecular phenotypes of breast cancer, among which, 91% of Luminal A expresses AR, 67.5% of Luminal B expresses AR, 58.7% of HER2+ expresses AR, 31.7% of basal-like carcinoma (mainly TNBC) expresses AR, and 46.1% of other unclassified cancers expresses AR. The table below sets forth the AR expression in all invasive tumours of breast cancer:

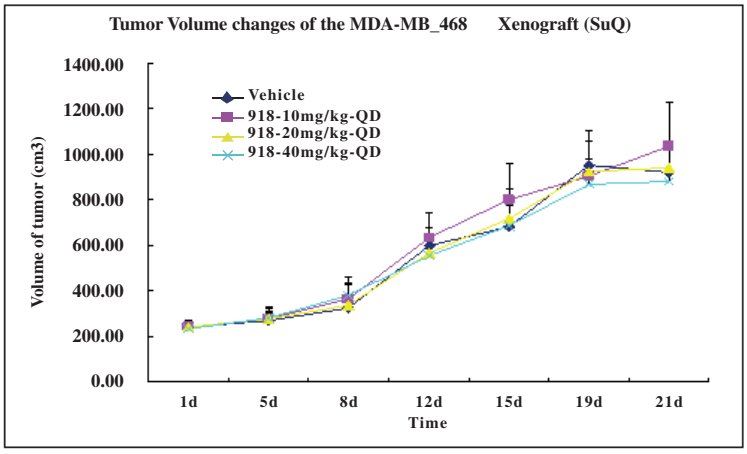
	All Invasive Tumours	
N (%)	Androgen Receptor +	Androgen Receptor -
ER		
+(1/2)	1476(86.8)	225(13.2)
–	225(44.0)	287(56.1)
PR		
+	1243(86.8)	187(13.1)
–	475(59.3)	326(40.7)
HER2		
+(2+/3+)	154 (64.7)	84 (35.3)
–	1551 (78.5)	425 (21.5)
EGFR		
+	209 (50.4)	206 (49.6)
–	1486 (83.1)	302 (16.9)
CK5/6		
+	44 (35.8)	79 (64.2)
–	1663 (79.2)	438 (20.9)
Luminal A	1256 (91.0)	124 (9.0)
Luminal B	220 (67.5)	106 (32.5)
HER2-type	74 (58.7)	52 (41.3)
Basal-like	75 (31.7)	162 (68.4)
Unclassified	47 (46.1)	55 (53.9)

Based on these findings, it is hypothesised that the AR signalling pathway may be a driving force of the growth of TNBC and an important cause of resistance to endocrine therapy in advanced breast cancers. Subsequent studies, including our own pre-clinical and clinical studies, have demonstrated that blocking AR signalling can inhibit the growth of AR+ breast cancer cells *in vivo* and *in vitro*. For example, Proxalutamide has demonstrated good pharmacological effect on AR-expressing breast cancer tumours (MCF-7) in clinical trials. Proxalutamide has no significant effect on animals' body weight at all doses and it inhibits tumour growth in a dose-dependent manner. Based on results from animal model, Proxalutamide has a higher tumour inhibition rate at its maximum efficacy (10-20 mg/kg) compared with Enzalutamide, while the drug dose required is lower and the drug exposure required is significantly less than Enzalutamide (<1/10). Proxalutamide has no effect on breast cancer tumours (MDA-MB-468) which do not express AR ($p>0.05$), which is consistent with the results of *in vitro* cells experiments. This demonstrates that Proxalutamide, as a specific AR antagonist, has no effect *in vivo* or *in vitro* on cancer cells that do not express AR.



Source: Company

Effects of Proxalutamide (GT0918) and Enzalutamide (800) on tumour volume in MCF-7(AR+) tumour-bearing mice (mean ± standard deviation, n = 8)

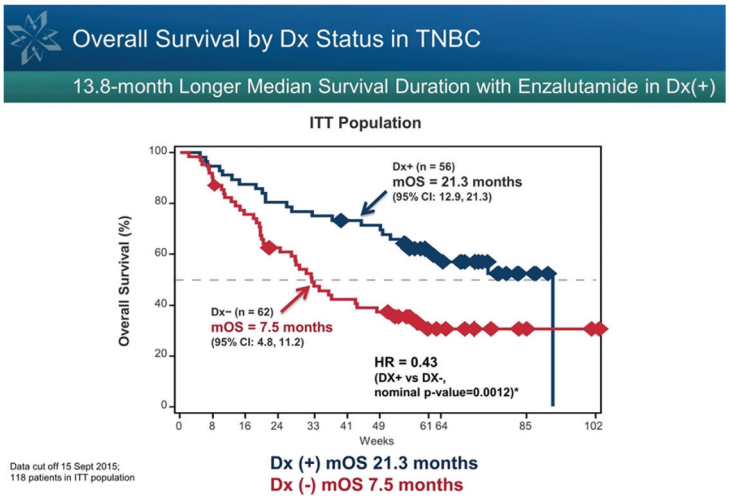


Source: Company

Effects of Proxalutamide (GT0918) and Enzalutamide (800) on tumour volume in MDA-MB-468 (AR-) tumour-bearing mice (mean ± standard deviation, n = 8)

In recent years, clinical trials have been carried out to study the therapeutic effects of androgen synthesis inhibitors such as Abiraterone and AR antagonists such as Enzalutamide and Darolutamide on advanced breast cancer. The use of Enzalutamide alone has demonstrated equal safety in male and female patients and has shown efficacy in phase II clinical trials for TNBC. The median overall survival of patients with the androgen marker gene was 13.8 months longer than that of patients without the androgen marker gene. Phase III clinical trials on TNBC for Enzalutamide has commenced. Two additional phase II clinical trials are being carried out to study combination therapies using Enzalutamide to treat drug resistant advanced breast cancer with other genetic profiles, including combining Enzalutamide with Examestane for ER+/PR+ drug resistant breast cancer and combining Enzalutamide with Herceptin for AR+/HER2+ drug resistant breast cancer. The phase II clinical trials of Darolutamide for the treatment of AR+ TNBC is also being carried out in the United States.

The following chart sets for the overall survival duration in TNBC patients treated with Enzalutamide:



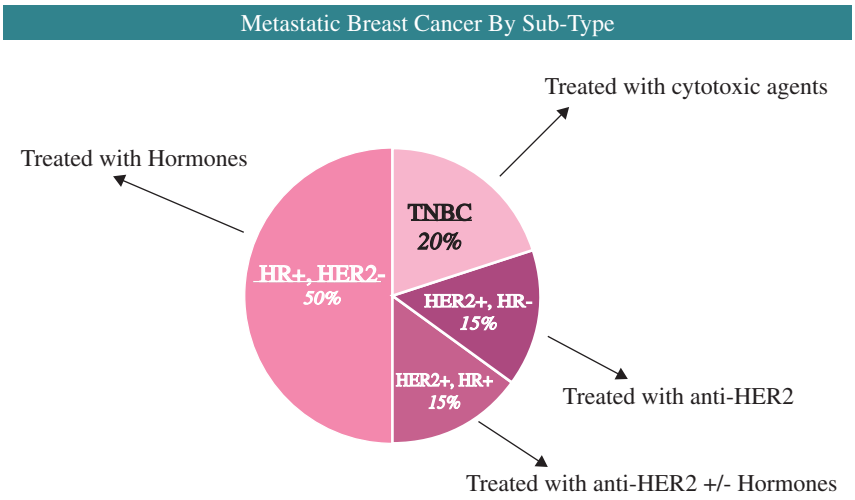
Source: Enzalutamide Prostate Cancer Opportunity, Dr. David Hung, Medivation, 11 January 2016

We believe drugs targeting AR, in particular second generation AR antagonists, provide new mechanisms of action which are effective in the treatment of refractory TNBC and drug-resistant breast cancer.

Current Therapies and Limitations

Breast cancer is a cancer that metastasises early. Many patients have lymph node metastasis in stage 1 breast cancer. Different molecular diagnostic results often lead to very different prognosis. Therefore, patients who have metastasised breast cancer are typically classified according to their breast cancer gene markers. Currently, the important prognostic factors for breast cancer include oestrogen receptor (ER), progesterone receptor (PR) and HER2, which are clinically treated with the corresponding treatment.

The chart below sets forth different types of metastatic breast cancer treatment:



Source: US, EU5, and Japan, Stage IV 1L Patients MDVN internal analysis; CancerMPact ® Patient Metrics and Treatment Architecture. Kantar Health.

Breast cancer with positive hormone receptor expression (ER+ or PR+ or ER+/PR+) is normally treated with endocrine therapy. The drugs used for such therapy includes oestrogen-secreting blocking drugs such as goserelin and leuprolide, oestrogen-synthesis inhibiting drugs such as anastrozole, letrozole and exemestane, and oestrogen-inhibiting drugs such as tamoxifen, raloxifene, toremifene and fulvestrant. Breast cancers with HER2 gene expression are generally treated with monoclonal antibody inhibitor Herceptin or in combination with chemotherapy. In addition, most patients with metastatic breast cancer eventually develop resistance to Herceptin or drugs used in endocrine therapy. For example, some patients treated with Herceptin develop resistance after 10 months, and Herceptin will eventually stop being effective to almost all patients. Approximately 20% of breast cancer patients receiving endocrine therapy will relapse within 10 years, and almost all patients with advanced breast cancer will develop drug resistance.

TNBC generally grows faster than breast cancers with other genetic backgrounds and TNBC patients are normally treated with chemotherapy. As TNBC lacks a clear drug target, some patients experience poor efficacy from chemotherapy and relapses are likely to occur in a short period of time after surgery. Due to the side effects and poor efficacy of chemotherapy, TNBC has become a difficult field in breast cancer management. According to the NCCN guidelines, the preferred treatment regimes are chemotherapies including single drugs such as anthracycline (Adriamycin), Taxanes (Docetaxel, Paclitaxel and Albumin Paclitaxel) and anti-metabolites (Capecitabine and Gemcitabine) as well as various combinations of these drugs.

Summary of Clinical and Pre-clinical Results

As of the Latest Practicable Date, we were conducting phase Ic clinical trials for Proxalutamide in combination therapy with Exemestane, Letrozole and Fulvestrant for metastatic breast cancer in China. We had not commenced clinical trials for Proxalutamide for breast cancer indication in the United States as of the Latest Practicable Date.

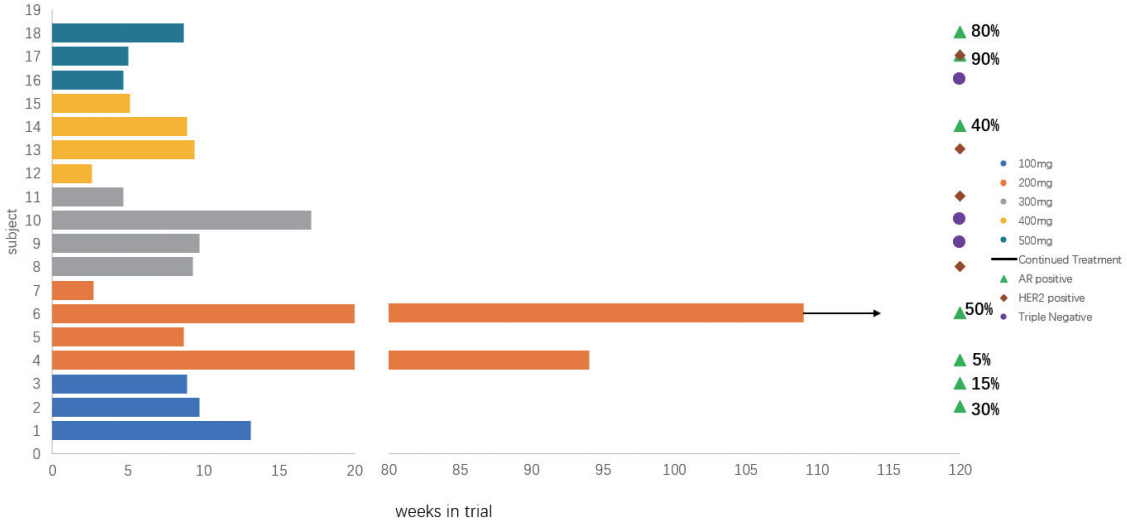
Phase I clinical trials in China (monotherapy)

We carried out open-label, single-centre, dose escalation phase I clinical trials in China to assess Proxalutamide in metastatic breast cancer female patients who have progressed after systemic treatments to evaluate the safety, pharmacokinetics and pharmacodynamics of Proxalutamide with single and multiple dosage applications.

Patients with historically confirmed metastatic breast cancer who had progressed after either chemotherapy, hormonal or targeted therapy, or could not tolerate currently standard therapies were eligible to enrol. With the starting dose at 100 mg of Proxalutamide per day, the dose escalation in the 3+3 design was based on safety and tolerability assessments. Proxalutamide was administered orally after meal once, followed by a seven-day off-treatment period for single dose PK analysis of drug elimination. Proxalutamide oral administration after meal was then resumed once daily for 28 consecutive days and multiple dose PK analysis was assessed at the end of first cycle (28 days). The first 28-day treatment (cycle 1) was defined as the DLT period. Patients manifesting an objective response or stable disease and likely to have clinical benefit from continued treatment continued to be administered Proxalutamide thereafter until they first experienced disease progression intolerable AE or withdrew consent.

In phase I clinical trials, qualified patients were classified into five dose escalation groups. 18 patients were enrolled and treated with Proxalutamide since 6 September 2017 at five dose levels: 100 mg (n = 3), 200 mg (n = 4), 300 mg (n = 4), 400 mg (n = 4) and 500 mg (n = 3). All patients progressed more than two lines of therapies, and 83.3% (15/18) patients progressed three lines or more. Out of the six confirmed AR+ patients, one patient in the 200 mg cohort had completed treatment of 23 cycles and another one was still under treatment as of 24 April 2020 with more than 27 cycles.

The following charts sets forth the treatment cycles of various patients:



Note: the percentage shown in the charts above indicates the expression ratio of AR.

Source: Company

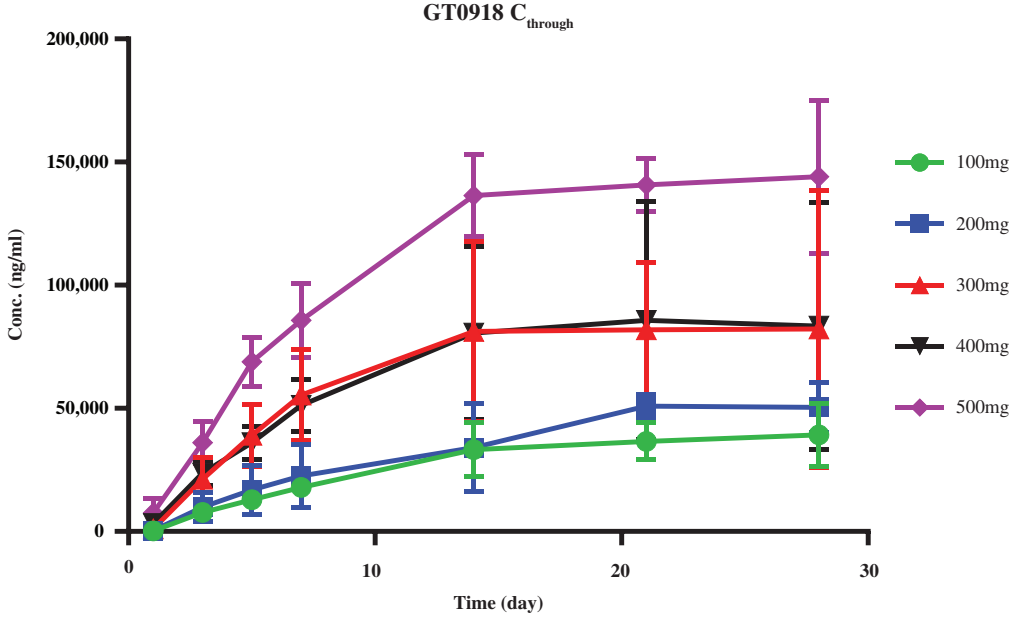
No DLT was observed and MTD has not been reached. Proxalutamide-related AEs were grade 1 or 2, including fatigue, hypertriglyceridemia, anemia, hypercholesterolemia, increased LDL, nausea, loss of appetite, increased ALT, increase of weight loss, constipation and thrombocytopenia. Grade 3 AEs were not related to Proxalutamide.

	No. (%) ;N=18	
AE	All grades	Grade 3
Asthenia	14(77.8%)	
Blood cholesterol increased	7(38.9%)	
Anaemia	6(33.3%)	
Blood triglycerides increased	6(33.3%)	
Aspartate aminotransferase increased	4(22.2%)	1(5.6%)
Decreased appetite	4(22.2%)	
Low density lipoprotein increased	4(22.2%)	
White blood cell count decreased	4(22.2%)	
Alanine aminotransferase increased	3(16.7%)	1(5.6%)

Source: Company

PK profile analysis showed that in the single-dose study, Proxalutamide showed a fast absorption profile. In the multiple-dose study, the steady-state serum concentration level of Proxalutamide and its main metabolite were attained at 21 days.

The following chart demonstrates Proxalutamide's plasma concentration level in multiple-dose study:



Source: Company

Our phase I clinical trials showed that Proxalutamide administrated orally once a day is well tolerated in late-stage patients with metastatic breast cancer. No DLT has occurred at the maximum dose of 500 mg. The trials also showed that patients with AR+ biomarker could have better clinical outcomes with Proxalutamide treatment. Proxalutamide and its main metabolite exhibited a nonlinear pharmacokinetic profile over the dose range from 100 mg to 500 mg. We conducted an expanded phase Ib in AR+ metastatic breast cancer patients in China to evaluate the anti-tumour activity and safety of Proxalutamide and we selected 200 mg and 300 mg for the dose expansion phase.

Phase Ib clinical trials in China (monotherapy)

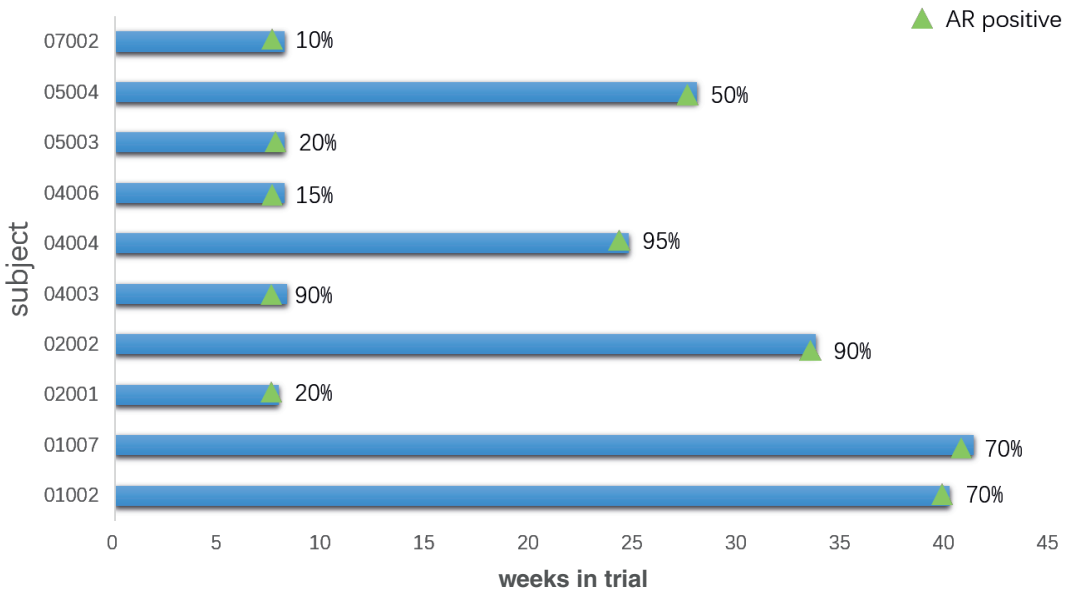
While we carried out our phase I clinical dose-escalation clinical trial, we also conducted a two-dose, open-label, multi-centre phase Ib clinical trial. The phase Ib clinical study involved seven medical centres. The first subject was enrolled on 7 June 2018 and the last subject was enrolled on 19 April 2019.

The primary objective of the phase Ib clinical trial was to initially evaluate the efficacy of Proxalutamide tablets in patients with AR+ metastatic breast cancer and to determine the recommended dose for phase III clinical trials of Proxalutamide. The phase Ib clinical trial were also designed to observe the safety of Proxalutamide tablets in patients with AR+ metastatic breast cancer and to explore biomarkers. In the dose climbing process of phase I study, if it was determined that DLT did not appear for a particular dose group and the testing for the next dose group could commence, then phase Ib study would commence the dose expansion test with additional subjects added to the same dose group. In the phase I clinical study, DLT did not appear in the 200 mg/day dose group or the 300 mg/day dose group, and the 200 mg and 300 mg/day dose groups were expanded as planned with 30 additional subjects in the 200 mg/day dose group, and 15 additional subjects in the 300 mg/day dose group.

We selected AR+ patients with metastatic breast cancer for our phase Ib expansion study (the phase I clinical trial did not require subjects to be AR+), observed the efficacy and safety of the Proxalutamide, and conducted biomarker exploration research. The subjects took two consecutive treatment cycles of the test drugs. According to the efficacy evaluation and safety tolerance, the investigator determined whether to give two further treatment cycles of the test drugs, until the subjects first experienced disease progression, intolerance AE or withdrew their consents. Blood samples of the subjects were taken for biomarker testing at the end of the screening period, at the end of the second treatment cycle and at the end of the fourth treatment cycle, or at the time of withdrawal.

The subjects enrolled in phase Ib clinical trials included: (i) 12 patients with AR+TNBC, 15 patients with AR+HR+, and three patients with AR+HER2+ totalling 30 subjects in the 200 mg group; and (ii) two patients with AR+TNBC, nine patients with AR+HR+, and four patients with AR+HER2+, totalling 15 subjects in the 300 mg/day dose group. All patients had advanced AR+ metastatic breast cancer and had previously experienced at least two lines of treatments. Our phase Ib clinical trial is currently in the final stage, having completed preliminary efficacy and safety data and exploring studies of biomarkers. AR is an applicable biomarker for Proxalutamide in the treatment of TNBC patients who are AR+. The drug use of the 200 mg/day dose group for AR+TNBC patients whose data were in per-protocol set as of 24 April 2020 is shown in the figure below. Five out of 10 patients were treated with more than six treatment cycles, each cycle lasting for 28 days, showing that Proxalutamide has therapeutic effect on advanced metastatic AR+TNBC.

The following chart sets forth the treatment cycles of various AR+TNBC patients in the 200 mg dose group whose data were in per-protocol set:



Note: the percentage shown in the charts above indicates the expression ratio of AR.

Source: Company

On-going phase Ic clinical trials in China (combination therapy with Exemestane, Letrozole and Fulvestrant)

We are carrying out an open and multi-centre phase Ic clinical trial to evaluate the safety, pharmacokinetic characteristics and initial efficacy of Proxalutamide in combination with Exemestane, Letrozole and Fulvestrant in patients with HR+ and AR+ metastatic breast cancer. The enrolment of subjects began in June 2019 and is expected to complete in June 2020.

The primary objective of the phase Ic clinical trial is to observe the safety and tolerability of Proxalutamide tablets in combination with Letrozole, Exemestane, and Fulvestrant in HR+, AR+ metastatic breast cancer, and the corresponding pharmacokinetic parameters of the drug combinations in the human body, as well as the initial efficacy. The phase Ic clinical study is divided into three stages: an introduction period; a combination therapy period; and an extended treatment period. The introduction period of Letrozole and Exemestane combined therapy group is 14 days, and the introduction period of Fulvestrant combination therapy group is 28 days for collecting pharmacokinetics data of the individual drugs. Following completion of the introduction period, the combination therapy period commences, wherein Proxalutamide and combination therapy drug will be administered with four-weeks (28 days) treatment cycles. Subjects will receive DLT assessment during the first cycle of combination therapy. Subjects who complete the DLT observation period and are safe tolerant will continue to receive the second cycle of combination therapy, and will be subject to tumour imaging evaluation at the end of the second cycle of treatment. In the extended treatment period, after all subjects in the test groups complete two cycles of combination therapy, if a subject's disease is clinically relieved or stable and well tolerated and if the subject is willing to continue taking the test drug, the investigator may continue to give the appropriate test group extended treatment until there is disease progression in the subjects.

The initial plan for the phase Ic clinical trial is to enrol 18 subjects with six subjects in each clinical trial group. The administration of Proxalutamide tablets will be 200 mg daily with oral administration after meal. Letrozole, Exemestane, and Fulvestrant are given at clinically recommended doses.

As of 24 April 2020, the phase Ic clinical trial had completed the enrolment of six subjects in the Proxalutamide in combination with Fulvestrant group and two subjects in the Proxalutamide in combination with Letrozole group. We may also make adjustments and increase the number of subjects in our ongoing phase Ic clinical trial based on the combination of pharmacokinetics and initial efficacy results.

Summary of pre-clinical studies

- *Safety.* The results of acute toxicity test by intragastric administration carried out in Sprague Dawley ("**SD**") rats and beagle dogs showed that Proxalutamide exhibited an acceptable safety profile. In both 28-day chronic toxicity test and the 13-week chronic toxicity test of Proxalutamide in SD rats and beagle dogs, the main toxic target organs are the reproductive organs and the adrenal gland, which is the pharmacological effect of the tested drugs on the targeted inhibition of androgen receptors. The 13-week chronic toxicity test showed no observed adverse effect level ("**NOAEL**") and the highest non-severely toxic dose ("**HNSTD**") of SD rats was 90 mg/kg/day, at which dose the drug exposure level was approximately 39.8 to 87.1 times of the dose required for optimal efficacy (female animals). The NOAEL of beagle dogs was 15 mg/kg/day, and the HNSTD in male and female animals was 15 mg/kg/day, at which dose the drug exposure level was about 17.8 to 38.4 times the drug exposure required for optimal efficacy (female animals). Proxalutamide was not found to induce epilepsy in all test animals and all test doses.

- *Pharmacokinetics.* AUC was not proportional to the dose after single intragastric administration in female SD rats, suggesting that there is a nonlinear dynamic activity of GT0918 in female rats. There was a good linear relationship between C_{max} and AUC ($r^2 > 0.9$) after single gavage administration in beagle dogs, suggesting that the chronological activity of GT0918 in female beagle dogs accorded with linear pharmacokinetic dynamics. The absolute bioavailability of GT0918 in female SD rats (5 mg/kg) was 56.5%, and the absolute bioavailability of Beagle dogs (5 mg/kg) was 30.5%, slightly lower than the data of the corresponding male animals. Proxalutamide was widely distributed in most tissues of the females animals, with the highest concentration of gastric distribution, followed by fat and liver, and a certain amount of drug distribution in the ovary. The concentration of the drug in most tissues reached peak at 8 hours after administration and certain elimination occurred at 36 hours after administration.

  In vitro studies also showed that Proxalutamide had almost no inhibitory effect on CYP1A2 and CYP2E1, but had certain inhibitory effect on enzyme CYP2D6, CYP2C19, CYP2C9, and CYP3A4 (IC_{50} ranged from 5 to 56 μmol/L). The test drug had no induction effect on the two CYP450s subtypes (CYP1A2/3A4). These results could assist the clinical trial design of Proxalutamide's combination therapy.

- *Efficacy.* Proxalutamide could effectively inhibit the growth of AR-expressing cells MCF-7 and BT474, but had no effect on breast cancer MDA-MB-468 cells (ER(-)AR(-)). In tumour animal models, Proxalutamide showed a good pharmacological effect on AR-expressing breast cancer tumours, including MCF-7 and BT-474. Proxalutamide had no significant effect on animal body weight at all

doses and it inhibited tumour growth in a dose-dependent manner. The optimal effective dose for nude mice was 10-20 mg/kg (QD). Compared with Enzalutamide, Proxalutamide had a higher tumour inhibition rate, and the required drug dose is lower and the required drug exposure is significantly less than Enzalutamide (<1/10). In addition, Proxalutamide had no inhibitory effect on breast cancer tumours that do not express AR (such as MDA-MB-468), which is consistent with the results of *in vitro* cells experiments, fully demonstrating that Proxalutamide, as a specific AR antagonist, has no effect on cancer cells that do not express AR *in vivo* or *in vitro*.

- *Conclusion.* The pre-clinical data suggested that Proxalutamide has a unique dual-acting mechanism which not only effectively inhibits ARs, but also exhibits the biological effect of inducing decreased AR expression. Moreover, as a specific AR antagonist, Proxalutamide has shown efficacy in inhibiting the AR-expressing breast cancer tumours in animal models (with better efficacy than Enzalutamide). All data collected in the pre-clinical safety test demonstrated good drug safety of Proxalutamide. The drug exposure of long-term dose at NOAEL in female animals was 17.8 to 87.1 times of the drug exposure required for optimal efficacy. It was estimated from animal experiments that the clinical half-life of the Proxalutamide was about 20 to 30 hours. It was estimated that the drug administration of once a day would not produce excessive drug accumulation, and could avoid or reduce the risk of inducing epilepsy by Enzalutamide.

Market Opportunity and Competition

As of the Latest Practicable Date, Proxalutamide was the only drug candidate developed by a pharmaceutical company undergoing clinical trials in China for AR+ breast cancer. The following chart sets forth the development status of other potential competing drugs currently in clinical trials in the U.S. for AR+ breast cancer:

Drug Name	Indication	Company	Clinical Status	Date First Posted
Enzalutamide	Advanced, AR+ TNBC	Pfizer/Astellas	Phase II	28 June 2013
Enzalutamide and Trastuzumab	HER2+, AR+ metastatic or locally advanced breast cancer	Astellas	Phase II	19 March 2014
Enzalutamide and Taxol	Stage I-III AR+ TNBC	Astellas	Phase II	26 February 2016
Enzalutamide	Early Stage AR+ TNBC	Astellas	Phase II	25 April 2016
Bicalutamide	AR+, ER-, PR- metastatic breast cancer	AstraZeneca	Phase II	3 May 2007
Palbociclib and Bicalutamide	AR+ metastatic breast cancer	Pfizer	Phase I/II	16 November 2015
Taselisib and Enzalutamide	AR+ metastatic TNBC	Genentech, Inc.	Phase I/II	29 May 2015
Alpelisib and Enzalutamide	AR+ and PTEN + metastatic breast cancer	Novartis/ Astellas	Phase I	2 July 2017

Source: Frost & Sullivan Report

Note: According to the Frost & Sullivan Report, clinical trials sponsored by research institutions are not included.

Although over 50% breast cancer patients are AR+, no AR antagonist treatment had been approved for the treatment of metastatic breast cancer as of the Latest Practicable Date. Second-generation AR antagonists have been shown to be clinically effective in the treatment of breast cancer. Both Proxalutamide and Enzalutamide are second-generation AR antagonists. Proxalutamide has higher targeted activity and can reduce the excessive accumulation of drugs in pharmacokinetic characteristics, demonstrates good tolerance in the pre-clinical and clinical safety evaluations of patients and shows pure antagonistic activity against cancer cells that overexpress AR with no AR agonistic activity. Proxalutamide is an AR signalling inhibitor with a dual-action mechanism that down-regulates the AR expression mechanism, which is expected to be clinically effective in inhibiting the progression of advanced breast tumours expressing AR.

Near-term Plans

China. We target to complete phase Ic clinical trials for Proxalutamide in combination therapy with Exemestane, Letrozole and Fulvestrant in 2020.

Following the completion of ongoing phase I/Ib and phase Ic clinical trials, we expect to commence phase III clinical trials for Proxalutamide as a monotherapy and in combination therapy, respectively. We expect to focus on AR+ TNBC within metastatic breast cancer for our phase III clinical trials for Proxalutamide as a monotherapy. We expect to select a drug for our phase III clinical trials on HR+ metastatic breast cancer for Proxalutamide in combination therapy.

United States. We had not commenced clinical trials in the United States as of the Latest Practicable Date. Based on our communications with the U.S. FDA in respect of the proposed clinical trial plan for Proxalutamide for TNBC, the U.S. FDA did not raise any issue on our proposed plan. We plan to complete phase I/Ib and phase Ic clinical trials in China first to obtain relatively clear efficacy data before we commence clinical trials in the United States, which we believe will enable us to use our resources more efficiently. Depending on the results of the clinical trials in China, we may commence clinical trials in the United States in 2020.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PROXALUTAMIDE SUCCESSFULLY

Our Core Product – Pyrilutamide (KX-826)

Pyrilutamide is an AR antagonist. We are currently developing Pyrilutamide as a potential first-in-class topical drug for the treatment of androgenic alopecia and acne vulgaris. We commenced pre-clinical research of Pyrilutamide in July 2011. We received IND approval for Pyrilutamide for androgenetic alopecia in China and the United States in April 2018 and June 2018, respectively. We commenced relevant phase I clinical trials in China and the United States in December 2018 and January 2019, respectively. We convened the meeting for the launch of Pyrilutamide's phase II clinical trials on androgenetic alopecia in China in July 2019 and expect to commence first patient enrolment in the second half of 2020 in China and in the third quarter of 2020 in the United States.

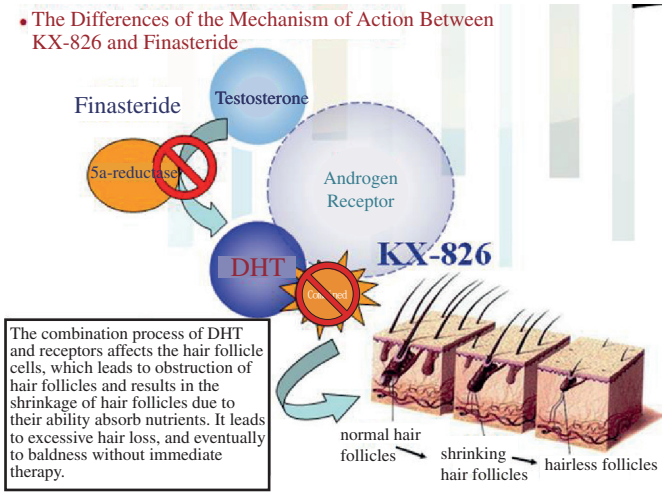
Mechanism of Action

Androgenetic alopecia is an androgen-dependent genetically predisposed hair loss disease. Male androgen mainly comes from the testis, primarily in the form of testosterone. Androgens can promote the growth of body hair in certain parts of the body, such as whiskers and manes, but inhibits the growth of hair on the scalp (in particular the top of the forehead), where the hair follicle is a target organ for androgen. The testosterone circulating to the hair follicle is reduced to 5α-DHT by 5α-reductase, and the DHT level in the relevant area of the scalp is increased. The temporal around the hair loss area and the occipital scalp area does not experience or experience limited hair loss because the DHT level is not increased.

Where androgenetic alopecia occurs, the androgen binds to the AR in the hair follicle cells, and the AR undergoes a complex enzymatic reaction and forms an AR complex. The AR complex enters the nucleus, binds to a specific hormone-responsive element of the gene locus, induces or inhibits the transcription of the target gene, and synthesises specific messenger RNA (mRNA) and corresponding proteins, such as different kinds of cytokines. This regulates cell proliferation and differentiation, which causes the hair to prematurely enter into a resting period and shrinks hair follicles. The hair in the growing period gradually becomes thinner and hair follicles shrink and disappear, resulting in androgenetic alopecia. Abnormal changes in systemic and local androgen metabolism are important factors in the pathogenesis of androgenetic alopecia, and DHT catalysed by androgen by 5α-reductase is an important molecule leading to androgenetic alopecia. AR is recognised as a risk factor for androgenetic alopecia.

KX-826 is a novel investigational AR antagonist for the treatment of androgenetic alopecia. There are currently two U.S. FDA-approved drugs, Minoxidil (Rogaine) and Finasteride for the treatment of androgenetic alopecia. Minoxidil is administered topically with marginal efficacy and its mechanism of action is unknown. A clinical trial carried out by 2002 showed that approximately 54% to 62% patients started to grow hair after taking Minoxidil (at 5% dosage level) for 48 weeks. The results showed that it took at least a few months for Minoxidil to show noticeable improvement on hair growth. In addition, there were about 38% patients who applied Minoxidil for over a year but did not witness any improvement on hair growth. Finasteride (marketed under Propecia and Proscar) is an oral prescription pill. Finasteride promotes hair-growth by systemically inhibiting synthesis of androgen DHT. As evidenced by the clinical effectiveness of treating androgenetic alopecia by Finasteride, locally over-active AR signalling (leading to shrinkage of hair root) is the leading cause of hair loss. However, despite its respectable efficacy, the prescription of Finasteride for treating androgenetic alopecia has been hampered by its significant adverse effects, especially sexual dysfunctions (e.g. diminished libido, erectile dysfunction and ejaculation disorder). These side effects are caused by systemic reduction of androgen, the mechanism of action of Finasteride. A clinical trial carried out in 2009 compared the efficacy between oral administration and topical administration of Finasteride. The result showed that patients started to grow hair after three months of topical application of Finasteride, while patients with oral administration of Finasteride started to grow hair after two months of administration. However, only oral administration of Finasteride can reduce hair loss area. Currently there has been no topical formulation of Finasteride approved for marketing. KX-826 was designed to address these drawbacks. KX-826 is being developed for topical application to locally block the androgen mediated signalling by competing androgen to bind to AR in the targeted tissues instead of reducing androgen levels systemically. It is administered locally with low systematic drug exposure, and does not affect the androgen level in human bodies, thereby blocking the signalling pathway of androgen to prevent hair loss.

The following diagram illustrates the differences of the mechanism of action between KX-826 and Finasteride in the treatment of androgenetic alopecia:



Source: Company

Therefore, KX-826 for topical use is anticipated to have minimal systemic exposure, thereby limiting side effects, while demonstrating effectiveness in treating androgenetic alopecia.

Current Therapies and Limitations

- *Minoxidil*. Minoxidil is a topical solution indicated for androgenetic alopecia in the United States, China and a number of other countries. However, according to the Frost & Sullivan Report Minoxidil lacks clear evidence of mechanism of action on androgenetic alopecia. As Minoxidil adopts topical administration, it lacks specific targeted therapy and the coverage and response of androgenetic alopecia patients are also limited. In addition, patients using Minoxidil may suffer from allergy to pupylene glycol, and orthostatic hypotension if they take it along with peripheral vasodilators.

- *Finasteride*. Finasteride is a 5-alpha-reductase type II inhibitor administered orally which inhibits the conversion of testosterone to DHT in certain tissues. Such inhibitor, if used by pregnant women, can cause malformation of male genitalia of male foetuses, and according to the Frost & Sullivan Report, as a result, is prohibited to be used by women of childbearing age. In addition, Finasteride has shown adverse sexual side effects, including decreased libido, erectile dysfunction and ejaculation disorder.

Advantages of Pyrilutamide (KX-826)

KX-826 is anticipated to be administered locally with low systematic drug exposure. Therefore, it does not affect the androgen level in human bodies and eliminates the side effect of impotence.

Summary of Clinical and Pre-clinical Results

As of the Latest Practicable Date, we completed phase I/Ib clinical trials for KX-826 in China and we were conducting phase II clinical trials in China and phase Ib clinical trials in the United States.

On-going phase II clinical trials in China

In July 2019, we convened the meeting for the launch of KX-826's phase II clinical trials in China and expect to commence the first patient enrolment for phase II clinical trials for KX-826 for androgenetic alopecia indication in China in the third quarter of 2020, with anticipated completion in the fourth quarter of 2020.

A multicentre, randomised, double-blind, placebo-parallel control design is used in the phase II trial to assess the safety pharmacokinetics and efficacy of Pyrilutamide (KX-826) tincture in Chinese male androgenetic alopecia patients. The trials are planned to be conducted in five clinical centres and a total of 160 male androgenetic alopecia patients will be enrolled in a total of five groups with 32 subjects in each group. The five groups are Pyrilutamide (KX-826) tincture 2.5 mg QD group, Pyrilutamide tincture 5 mg QD group, Pyrilutamide (KX-826) tincture 2.5 mg BID group, Pyrilutamide (KX-826) tincture 5 mg BID group and the placebo group. Safety evaluation, compliance evaluation and multiple pharmacokinetic studies will be performed during the trial. The effectiveness evaluation will be performed every four weeks from the commencement of the administration the test drug until the end of the 24th week, and the effectiveness evaluation will be performed by independent third parties (professional doctors not involved in the trial process).

Completed Phase I and Ib clinical trials in China

We conducted a Phase I clinical study of the tolerance and pharmacokinetics of single and multiple doses of Pyrilutamide (KX-826) tincture in healthy Chinese subjects. The clinical trial was divided into two phases (phase I and phase Ib) for single-dose and multiple-dose, respectively. Both phases were designed to be randomised, double-blind, dose-escalating, placebo-controlled and single-centre. The phase I and Ib clinical trials commenced in December 2018 and were completed in July 2019.

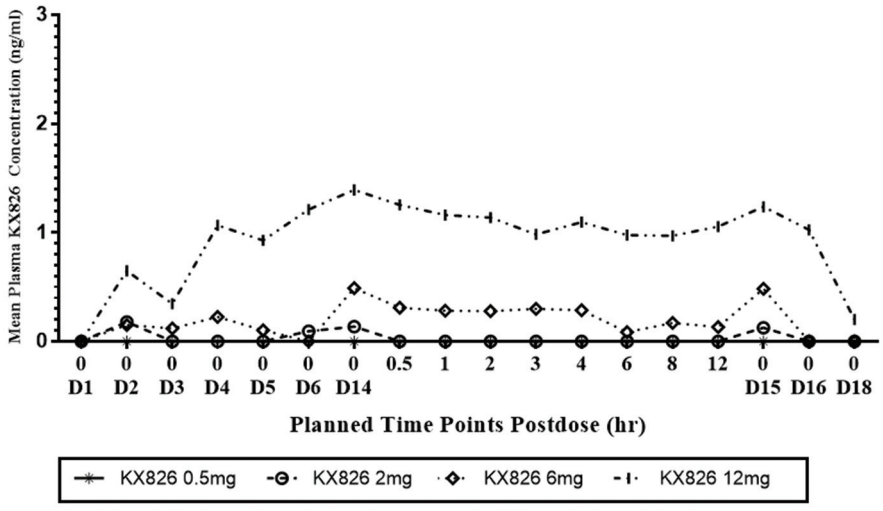
- *Design*. A total of 40 healthy Chinese male and female subjects were enrolled in the single-dose phase of the phase I clinical trial. Dose escalation was performed in five dose groups of eight patients each with doses of 0.5, 2, 6, 12, and 24 mg/body/day, respectively. In each group, two subjects were randomised to receive placebo on the back, and the other six subjects received the test drug, Pyrilutamide (KX-826) tincture for topical administration on the back. A total of 32 healthy Chinese male and female subjects were enrolled in the clinical Ib multi-dose phase and entered four dose groups of eight patients with the doses of 0.5, 2, 6, 12 mg/body/day, respectively. Eight subjects who completed the single-dose phase entered the multiple-dose phase of the same-dose group, two of whom entered the placebo-controlled group and accumulated dosing on the back (test drug or placebo) for 14 consecutive days.

- *Safety*. There were no serious adverse events such as death in this clinical trial. No subjects withdrew from the clinical trial due to AE, and no subjects were suspended or down-regulated due to AE. A total of 22 (55%) subjects had 24 mild AEs in the single-dose phase, and 15 (37.5%) subjects had 15 AEs that were determined to be related to the test drug. A total of 115 AEs occurred in 18 (56.3%) subjects during the multiple-dose phase, and 102 of the AEs in 13 (40.6%) subjects were determined to be related to the test drug. The severity of all AEs was mild. The main AEs were all "contact dermatitis", which were mild and were determined to be related to the study drug. All AEs of "contact dermatitis" recovered or restored in a short time.

  In the single-dose phase and the multiple-dose dose-climbing phase, all dose groups did not reach the termination criteria, as the result, the maximum tolerated dose was not explored in this trial.

- *Pharmacokinetics*. For the single-dose phase in the phase I clinical trials, the low-dose group detected fewer values above the lower limit of quantitation (0.5 ng/mL). In the multi-dose phase in the phase Ib clinical trials, KX-826 could be seen in multiple doses from the median and mean plasma concentration-time (linear scale) curves of KX-826 and metabolite KX-982 at each time point. The blood concentration of KX-826 and the blood concentration of the KX-982 also increased with the increase of the dose as shown in the chart below.

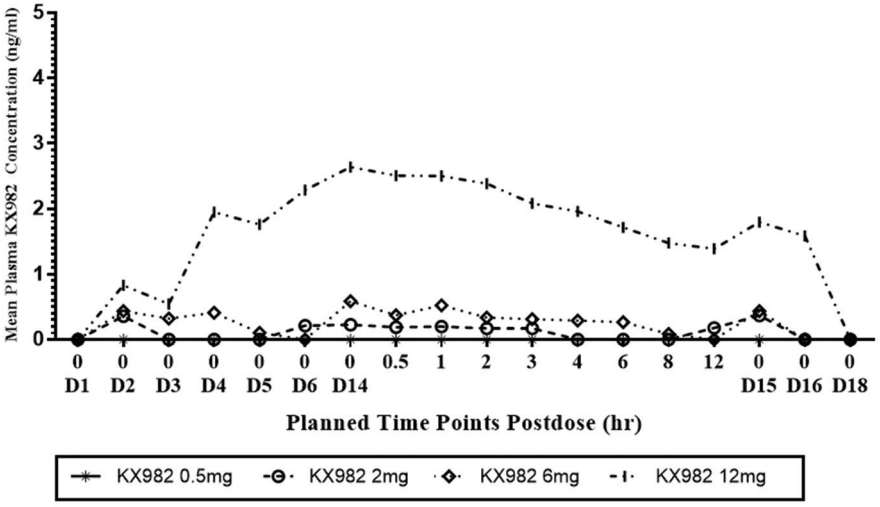
Figure 1. Median Plasma KX-826 Concentration Time Curve (Multiple Ascending Dose Stage, Linear Scale) (PKCS)



All plasma concentrations below low limit of quantitation (LLOQ) were set to 0 when plotting.
LLOQ was 0.5 ng/mL.

Source: Company

Figure 2. Mean Plasma KX-982 Concentration Time Curve (Multiple Ascending Dose Stage, Linear Scale) (PKCS)



All plasma concentrations below LLOQ were set to 0 when plotting. LLOQ was 1.0 ng/mL.

Source: Company

- *Conclusion*. The results of phase I and phase Ib clinical trials showed good safety and tolerability of KX-826 tincture in single and multiple doses in healthy Chinese subjects. The recommended dose of KX-826 in the phase II clinical trials is 0.5-12 mg/body/day.

Ongoing phase Ib clinical trials in the United States

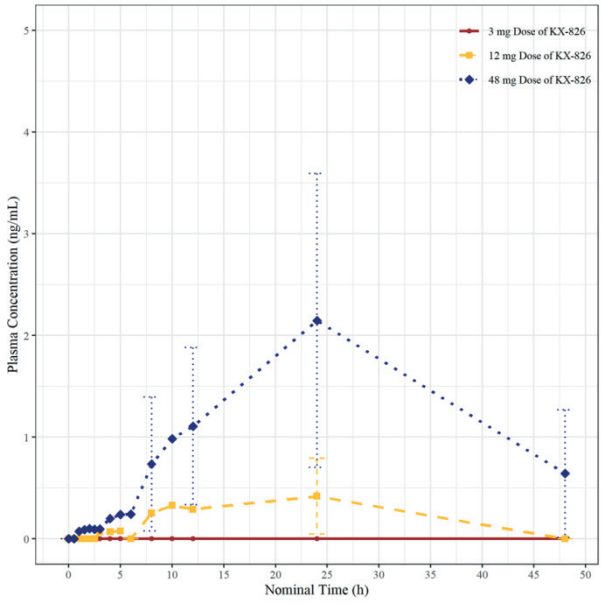
We are conducting a randomised, double-blind, placebo-controlled, parallel group, dose escalation study in healthy male subjects with androgenetic alopecia to evaluate the safety, tolerability and pharmacokinetics of KX-826 following topical single ascending dose administration in United States.

- *Design*. A total of 30 healthy male subjects with androgenetic alopecia were enrolled to be evaluated with 24 subjects randomised to receive active drug and six subjects randomised to receive placebo in a double-blind manner (10 subjects in each dose cohort with two subjects randomised to placebo) for a total of three dose cohorts. Dose levels of 3 mg, 12 mg and 48 mg of KX-826 as a topical application are being evaluated. Each cohort began with single dose administration of drug on day 1 of the study and serial blood samples were collected for pharmacokinetics analysis over the 48 hour post-dose period. A review of safety and tolerability data was performed prior to initiation of the next higher single dose level.

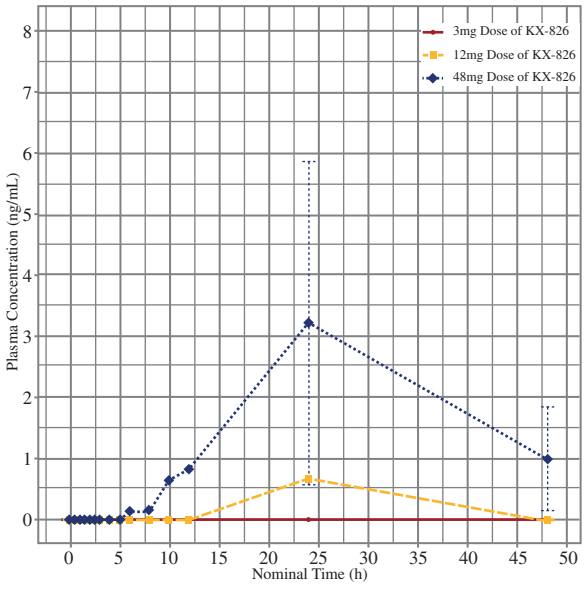
- *Safety*. Administration of topical KX-826 as a single ascending dose ("**SAD**") ranging from 3 mg to 48 mg was safe and well tolerated in healthy male subjects. There were no deaths, SAEs or AEs leading to discontinuation reported in this study. Overall, eight (26.7%) subjects experienced a total of 11 TEAEs. All TEAEs were mild in severity with the highest number of TEAEs (five events) observed in Cohort 2 (12 mg dose of KX-826) with one subject accounting for three (all mild) TEAEs observed in the cohort. The most frequently reported TEAEs were headache (one

event each) occurring in Cohort 1 (3 mg dose of KX-826) and Cohort 3 (48 mg dose of KX-826) and skin abrasion (one event each) occurring in Cohort 2 (12 mg dose of KX-826) and placebo. All TEAEs were mild in severity and were each reported by no more than one subject by treatment group; no trend was observed. Overall, of the 11 TEAEs reported, none were judged as related, one TEAE was judged as probably related, seven as probably not related and three as not related. The one TEAE (application site pruritus) considered to be probably related to the study medication was in the placebo group. There was no apparent dose relationship in either the incidence or severity of the AEs reported across the dose range of 3 mg to 48 mg. Two subjects had clinically significant laboratory abnormalities of RBCs in urine (placebo), and increased alanine aminotransferase, increased gamma-glutamyltransferase and abnormal blood glucose levels (all three in one subject receiving 12 mg dose of KX-826) that were reported as TEAEs during the study. These TEAEs were of mild severity, judged by the investigator to be probably not related to the study medication.

- *Pharmacokinetics*. The pharmacokinetics parameters could not be calculated for KX-826 in subjects who received KX-826 3 mg (Cohort 1) and for metabolite KX-982 in subjects who received KX-826 3 mg (Cohort 1) and KX-826 12 mg (Cohort 2) because the plasma concentration was not detectable. These subjects were excluded from all analyses. Only nine subjects had at least three detectable concentrations in order to have sufficient pharmacokinetics data to obtain estimates for the analyses. The pharmacokinetics parameters for KX-826 were calculated for KX-826 12 mg (Cohort 2, N=3), KX-826 48 mg (Cohort 3, N=6) and pharmacokinetics parameters for metabolite KX-982 were calculated for KX-826 48 mg (Cohort 3, N=3). The mean extent of absorption (AUClast) and rate of absorption (C_{max}) for KX-826 was found to be 13.51 h*ng/mL and 0.99 ng/mL for Cohort 2 and 69.07 h*ng/mL and 2.65 ng/mL for Cohort 3, with peak concentrations observed approximately within 10 hours and 24 hours, respectively. The mean extent of absorption (AUC_{last}) and rate of absorption (C_{max}) for KX-982 was found to be 123.50 h*ng/mL and 5.80 ng/mL, respectively for Cohort 3, with peak concentration being reached at 24 hours (see following figures).



Mean (±SD) KX-826 Plasma Concentrations – Linear Scale



Mean (±SD) KX-982 Plasma Concentrations – Linear Scale

- *Conclusions*. The topical administration of KX-826 at the studied doses ranging from 3 mg to 48 mg was safe and well tolerated in healthy male subjects. The administration of KX-826 as a topical single ascending dose of 3 mg to 48 mg produced minimal systemic exposure within the therapeutic range predicted to have efficacy in treating male pattern baldness from preclinical models without inhibiting synthesis of androgen DHT.

Summary of pre-clinical studies

- *Safety.* Safety pharmacology studies included *in vitro* and *in vivo* evaluation of the effects of KX-826 on vital physiological functions and the central nervous system. There were no KX-826 related effects on the central nervous system function noted in the SD rats, and no apparent or toxicologically significant change in blood pressure and electrocardiograms or respiratory systems were noted in the beagle dog test. Nonclinical toxicity evaluation of KX-826 included acute toxicity studies in SD rats with oral administration and in mini pigs with dermal application and 28-day repeat-dose toxicity studies in these two species as well. Single administration of KX-826 up to 5000 mg/kg via oral gavage in SD rats was well tolerated. The MTD is considered to be >5000 mg/kg in rats. Single administration of KX-826 at 90 mg/kg dose via dermal application in mini pigs was well tolerated. The MTD was considered to be >90 mg/kg in mini pigs. In the 28-day repeat-dose oral toxicity study in SD rats, SD rats were orally administered KX-826 at 10, 30 and 100 mg/kg for 28 days, no obvious toxicity reactions were observed, and no delayed toxicity reactions were observed within the four-week recovery period. NOAEL of this study was determined to be 100 mg/kg/day. In the 28 day repeat dose dermal toxicity study in mini pigs, following 28-day repeat dermal administration of KX-826 at 4, 12, and 24 mg/kg/day in mini pigs, all animals survived to the end of the experiment. No obvious changes related to the potential toxicity of the test article were observed. The NOAEL for this study of KX-826 administered via dermal administration in mini pigs was determined to be ≥24 mg/kg/day. The Ames test, chromosomal aberration study, and micronucleus assay all strongly suggest that KX-826 is not mutagenic at clinically relevant concentrations. In an eye irritation study of KX-826 in rabbits, no obvious eye irritation reactions were caused by KX-826. Therefore, KX-826 is considered as a "non-irritant" if accidentally administered to eyes.

The toxicology studies suggest that KX-826 has good tolerance, low adverse reactions and a good treatment window. The drug exposure with NOAEL dose in animals is 168 to 222 times of the drug exposure required for optimal efficacy.

- *Pharmacokinetics.* Drug metabolism and pharmacokinetic studies were performed *in vitro* in liver microsomes and *in vivo* in SD rats and mini pigs, respectively. The pharmacokinetics studies suggest that the bioavailability of transdermal drug delivery in rats was low; KX-826 was mainly distributed in the skin and fats and excreted through urine.

- *Efficacy.* In a biochemical assay, the Ki values of KX-826 and Enzalutamide in inhibiting androgen binding to AR were 24 nM and 48 nM, respectively. The study results indicated that KX-826 was more potent than Enzalutamide in inhibiting the binding of androgens to AR in the AR binding assays, showing that KX-826 has stronger AR binding capability. In the pre-clinical studies of inhibiting androgen-stimulated PSA secretion in LNCaP cells, KX-826 inhibited PSA secretion with an IC_{50} of 264 nM (bench marked Flutamide of IC_{50} = 1600 nM), suggesting KX-826 has potent AR antagonistic activity. KX-826 was profiled for the broad receptor binding in CEREP's screening assay; about 40 representative human receptor panel (including closely related nuclear hormone receptors) and only two receptors were found to have the binding affinity greater than 25% inhibition at 1 μM (PR 51.7% and AR 91.3% inhibition), suggesting that KX-826 is a selective AR antagonist. KX-826 administered as topical application demonstrated anticipated efficacy in several animal models. In a mouse hair growth model, KX-826 showed good efficacy in promoting hair growth in a dose dependent manner.

- *Conclusion.* The pre-clinical efficacy data suggest that KX-826 exhibited selective dose dependent and potent AR antagonistic activity.

Market Opportunity and Competition

As of the Latest Practicable Date, the primary treatments for androgenetic alopecia in China and United States were Minoxidil and Finasteride, each of which has limitations that we believe have led to significant unmet medical needs for treatments targeting androgenetic alopecia. According to the Frost & Sullivan Report, Minoxidil, which is applied topically, lacks clear evidence of mechanism. Patients using Minoxidil may suffer from allergy to propylene glycol, and orthostatic hypotension if they take it along peripheral vasodilators. Finasteride, which is a 5-alpha-reductase type II inhibitor administered orally, poses adverse sexual side effects, including decreased libido, erectile dysfunction and ejaculation disorder, which had first year incident rates of 1.8%, 1.3% and 1.2% in clinical studies, respectively. According to the Frost & Sullivan Report, the adverse sexual side effects of Finasteride has been a significant deterrent to a large pool of patients in electing to treat a primarily cosmetic condition. KX-826 is an AR antagonist designed for topical application, and it acts directly on the target treatment areas of the scalp. It is developed to locally block the androgen mediated signalling by competing with binding of androgen to AR in the targeted tissues instead of reducing androgen level systematically. In addition, based on pharmacological research and clinical trial data up to the Latest Practicable Date, our KX-826 had not demonstrated adverse sexual side effects. We therefore believe KX-826 has the potential to attract a significantly larger pool of men suffering from androgenetic alopecia than existing treatment options and redefine the market landscape for androgenetic alopecia drugs.

Near-term Plans

We convened the meeting for the launch of KX-826's phase II clinical trials on androgenetic alopecia indication in China in July 2019 and expect to commence first patient enrolment in the second half of 2020 in China. We also commenced first patient enrolment for our phase Ib clinical trails in the United States in January 2020 and we expect to complete these trials in 2020.

We plan to conduct MRCT phase III clinical trials in China, the United States and other countries in 2021, with a target to commence commercialisation for KX-826 if we successfully receive NDA approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PYRILUTAMIDE SUCCESSFULLY

ALK-1

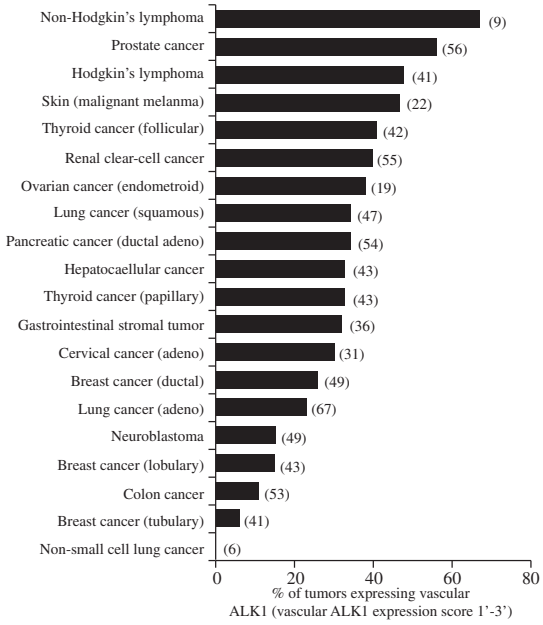
ALK-1 is a new anti-angiogenesis inhibitor, and ALK-1 is a new biological target spot globally. We are currently developing ALK-1 for the treatment of metastatic HCC. We obtained an exclusive global licence from Pfizer to develop and commercialise ALK-1 for oncological indications.

ALK-1 has the potential to become the first fully human monoclonal antibody therapeutic drug for ALK-1 target. ALK-1 can potentially be used in combination with VEGF inhibitors or PD-1 inhibitors for the treatment of a variety of solid tumours.

Our clinical research on ALK-1 has been recognised as a Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創制"科技重大專項). Pfizer completed two phase I clinical trials for ALK-1 for advanced solid tumours, including HCC, as a monotherapy in the United States and Italy, as well as in South Korea and Japan. We are undergoing phase II clinical trials for our ALK-1 as a combination therapy with Nivolumab, a PD-1, for metastatic HCC in Taiwan.

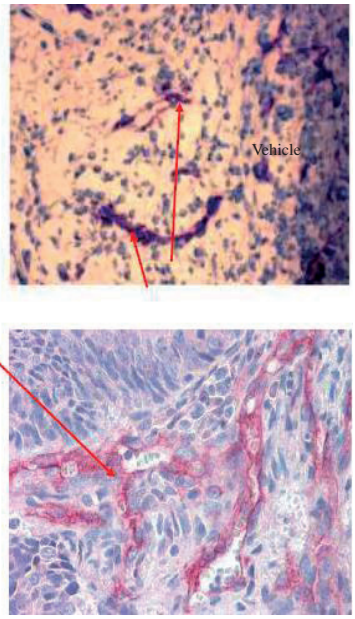
Mechanism of Action

ALK-1 is selectively expressed in endothelial cells, especially in tumour vessels. The following diagrams illustrate the overexpression of ALK-1 in tumour vessels of multiple types of cancers:



Source: Dana D. Hu-Lowe, Enhong Chen, Lianglin Zhang, Katherine D. Watson, Patrizia Mancuso and others, "Targeting Activin Receptor-Like Kinase 1 (ALK1) Inhibits Angiogenesis and Tumorigenesis Through a Mechanism of Action Complementary to Anti-VEGF Therapies", Cancer Res. 2011 February 15; 71(4): 1362-1373. doi:10.1158/0008-5472.CAN-10-1451

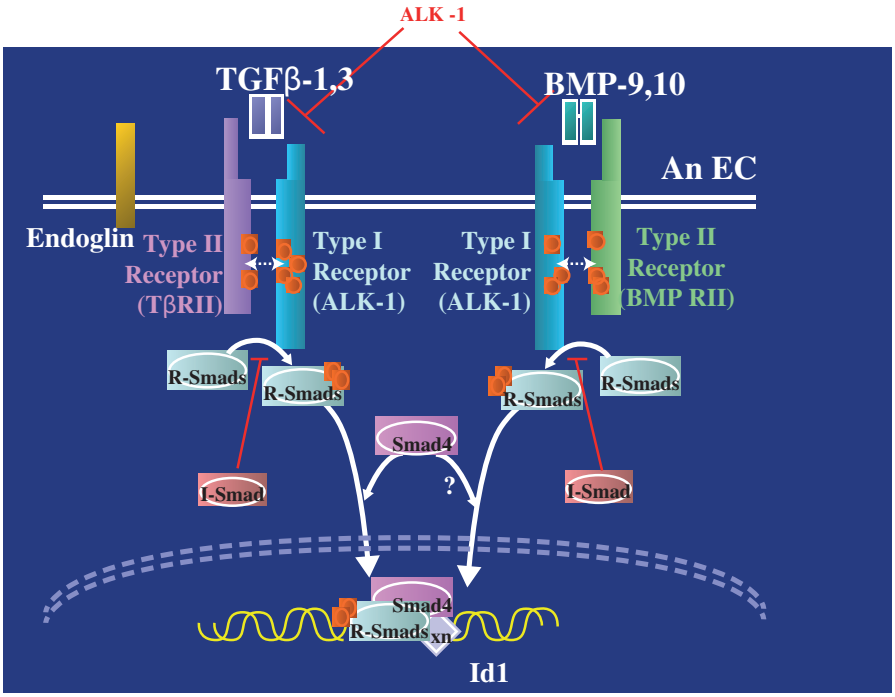
ALK-1 overexpression in human breast and colon tumours



Source: Company

ALK-1 is a fully humanised IgG2 neutralising monoclonal antibody for vascular endothelial cells ALK-1. ALK-1 binds to its ligands BMP9 and BMP10, regulates SMAD, the fusion of Caenorhabditis elegans SMA genes and the Drosophila MAD family of genes, phosphorylation, and promotes stable vascular maturation. ALK-1 can inhibit the growth of tumour vessels and reduce their blood flow and vascularisation by blocking the receptors, thereby slowing down the development of tumours. ALK-1 can also alter the tumour microenvironment.

The following diagram illustrates the mechanism of action of ALK-1:



Source: Company

Current Therapies and Limitations

Conventional cytotoxic drugs have severe side effects including bleeding, hypertension, fatigue, and nausea. However, drugs inhibiting angiogenesis generally have milder side effects. For instance, anti-angiogenic therapies, mainly in the form of inhibitors of VEGF signalling, have been in routine clinical use for years for various malignancies. ALK-1 is a type of anti-angiogenic drug. Anti-angiogenic drugs are the key treatment method for liver cancer and include VEGF inhibitors, such as Avastin, a monoclonal antibody, Axitinib and Sorafenib, which are small molecule drugs, and Sorafenib. ALK-1's signalling pathway may be one of the mechanisms that allow tumours to escape from the inhibitory effects of VEGF inhibitors in patients with advanced solid tumours. ALK-1 signalling may also be a complementary angiogenesis pathway that can be activated upon the development of VEGF resistance.

Summary of Clinical Results

Pfizer has completed two phase I clinical trials, one in the United States and Italy and the other in South Korea and Japan, for ALK-1 for advanced solid tumours, including HCC, as a monotherapy. As of the Latest Practicable Date, we were undergoing phase II clinical trials for ALK-1 as a combination therapy with Nivolumab, a PD-1, for metastatic HCC in Taiwan.

On-going phase II clinical trials in Taiwan (combination therapy with Nivolumab, a PD-1)

We received an approval from MOHW on 13 November 2018 for conducting phase II clinical trials for ALK-1 in Taiwan, and are currently undergoing multi-centre, open-label, two-stage phase II clinical trials for our ALK-1's combination therapy with Nivolumab, a PD-1, for metastatic HCC in Taiwan. We expect to enrol 20 patients in total (six in stage one, if dose de-escalation cohorts are not required, and 14 in stage 2). In the event that dose de-escalation cohorts are opened, six or 12 more patients will be enrolled for the de-escalation cohorts.

Stage one focused on determining safety and tolerability of the combination therapy in patients with HCC. The starting dose cohort involved six patients who had failed Sorafenib treatment, each receiving a combination of 7.0 mg/kg of ALK-1 and 3.0 mg/kg of Nivolumab. Dosing of the first and second patient were separated by a minimum of seven days. Pursuant to the clinical trials design, if only one or no DLT is observed within the 28 days following the first dose of ALK-1 and Nivolumab, then the study will enter into stage two directly. As of the Latest Practicable Date, there were no DLT while the cohort A dose was ALK-1 7.0 mg/kg + Nivolumab 3.0 mg/kg. All six patients completed a 28-day safety and efficacy evaluation. As of 24 April 2020, there were two grade 3 AE (decreased platelets count) and one SAE (renal disorder) that possibly related to ALK-1. Dose de-escalation cohorts were not required.

As there were no DLT in stage one, the trial will be continued and enter the expansion period (Stage 2) after the Safety Monitoring Committee meeting. Stage 2 takes place at the dose level where one or no DLT takes place in the dose cohort and expands that dose cohort by 14 patients. This stage further assesses anti-tumour activities of ALK-1 in combination with Nivolumab in patients with preliminary metastatic HCC.

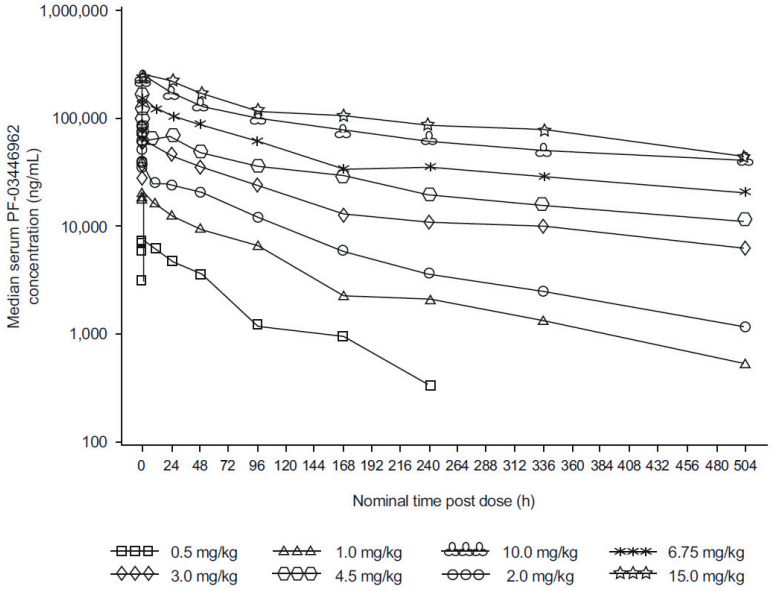
Summary of phase I clinical trials in the United States and Italy conducted by Pfizer

- *Study design*. Phase I clinical trials in the United States and Italy were divided into two parts – a dose-finding study and an expansion cohort. The dose-finding study was an open-label, multi-centre study conducted on 44 patients with advanced solid tumours. The objectives were to determine the maximum tolerated dose ("**MTD**") and the recommended phase II dose ("**RP2D**") of ALK-1 and assess the safety and anti-tumour activity in patients with advanced solid tumours. The dose-finding study was based on a 3 + 3 design where ALK-1 was administered biweekly by intravenous infusion, at doses ranging from 0.5 to 15 mg/kg. The expansion cohort was a multi-centre study conducted on 24 patients with HCC who had disease progression after prior treatment with VEGFR-tyrosine kinase inhibitors ("**TKIs**"), such as sorafenib, or who were intolerant to treatment. These patients received ALK-1 at a dose of 7 mg/kg intravenously biweekly, as recommended in the dose escalation part of the study. The purposes of the expansion cohort were to evaluate the safety, tolerability, anti-tumour activity, pharmacokinetics and pharmacodynamics effects of ALK-1 in patients with advanced HCC.

- *Safety.* In the does-finding study, DLT observed during dose escalation included grade 3 increased amylase, grade 3/4 increased lipase, and grade 3/4 thrombocytopenia. The MTD was determined to be 10 mg/kg. The RP2D was set at 7 mg/kg for patients with advanced solid tumours, based on the observed safety, pharmacokinetics, and anti-tumour activity. The most-frequent treatment-related, all-grade adverse events included thrombocytopenia (20.5%), fatigue (15.9%), and nausea, increased amylase, and increased lipase (each 11.4%). Treatment-related telangiectasia was noted in 7% of patients, suggesting *in vivo* inhibition of the

ALK-1 pathway. In the expansion cohort, the most frequent treatment-related adverse events were thrombocytopenia (33.3%), asthenia (29.2%) and chills (16.7%). Two patients experienced treatment-related telangiectasia, suggesting an *in vivo* knockout of ALK-1 function through ALK-1 pathway inhibition. Overall, treatment-related grade 3/4 adverse events were reported in eight patients (33.3%). Treatment-related grade 3/4 thrombocytopenia was noted in four patients.

- *Pharmacokinetics*. The following diagram sets forth the median serum concentration of ALK-1 following single-dose administration in cycle 1 for all dose levels:



Source: Company

Serum ALK-1 concentration-time profiles and pharmacokinetics characteristics observed in patients with HCC treated at 7 mg/kg were similar to those of patients with other solid tumours treated with ALK-1 at 6.75 mg/kg in the dose escalation phase. Serum ALK-1 concentrations exceeded the projected efficacious concentration following a single 7 mg/kg dose.

- *Efficacy*. In the dose-finding study, three (6.8%) patients with advanced hepatocellular carcinoma, renal cell carcinoma or non-small cell lung cancer achieved a partial response, and 12 (27.3%) patients had stable disease across dose levels. Contrast-enhanced ultrasound analysis of tumour vascularity showed reduction in tumour perfusion in two patients with stable disease following treatment with ALK-1. In the expansion cohort, 12 (50%) patients achieved stable disease, which lasted for 12 weeks or more in seven (29.2%) patients. The median time to progression was three months. For nine (38%) patients, the duration of treatment with ALK-1 exceeded the duration of the last prior systemic therapy.

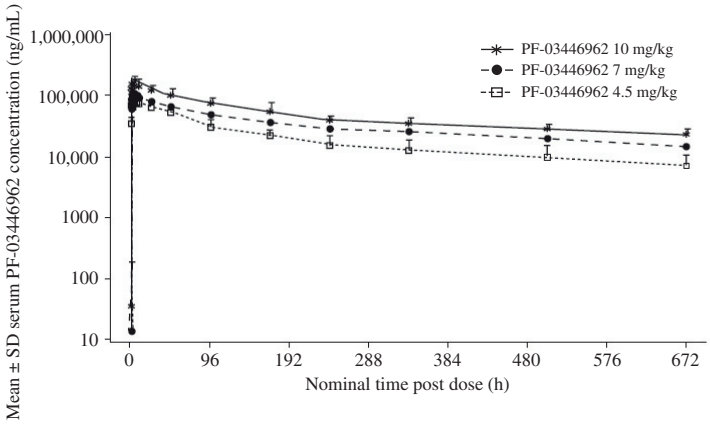
- *Conclusion.* The clinical activity demonstrated in the dose-finding study supports ALK-1 as a novel approach to anti-angiogenic therapy, with manageable safety profile and single-agent, anti-tumour activity in patients with advanced solid tumours. The observed safety, tolerability, pharmacokinetic profile, and clinical activity in the expansion cohort support further evaluation of ALK-1 in patients with HCC and other solid malignancies, as single agent or in combination with other anti-angiogenic, chemotherapeutic or immunotherapeutic agents.

Summary of phase I clinical trials in Japan and South Korea conducted by Pfizer

- *Study design.* Phase I clinical trials in Japan and South Korea were a multi-centre, open-label, single-arm study conducted on Asian patients with advanced solid tumours. It was divided into two parts: dose escalation (Part 1) based on a standard 3 + 3 design and an expansion part with two cohorts (Part 2). Two dose-level cohorts were selected for Part 2 based on the safety findings obtained in the dose escalation phase. Part 1 of the study was conducted on 16 patients, and Part 2 of the study was conducted on 20 patients at 7 mg/kg and 10 mg/kg dose levels, including patients with disease progression following prior VEGF receptor (R)-targeted therapy. The purposes of phase I clinical trials in Japan and South Korea were to determine the MTD and RP2D, as well as to establish the safety profile and to evaluate the pharmacokinetics, pharmacodynamics and anti-tumour activity of ALK-1 in Asian patients.

- *Safety.* No DLT were noted in the 12 does-limiting toxicity-evaluable patients during the dose escalation part of the study and the maximum tolerated dosage for biweekly administration of ALK-1 in Asian patients was determined to be 10.0 mg/kg, and the RP2D was determined to be 7 mg/kg for HCC patients. Treatment-related grades 1-3 thrombocytopenia was experienced by 27.8% patients. The most frequent non-hematologic treatment-related adverse events were grades 1-2 pyrexia and epistaxis. Four patients (3/4 with HCC) developed telangiectasia suggesting vascular targeting and *in vivo* ALK-1 inhibition by ALK-1.

- *Pharmacokinetics*. The following diagram sets forth the mean serum concentration-time profiles of ALK-1 following single dose administration in cycle 1:



Source: Company

Overall, ALK-1 exposure increased in an approximately dose-proportional manner across the 4.5-10 mg/kg dose range.

- *Efficacy.* Nine (25.7%) of the 35 evaluable patients had clinical benefit with stable disease for 12 weeks or more across dose levels and tumour diagnosis, including HCC, colorectal cancer, non-small-cell lung cancer, renal cell carcinoma, and GIST. Four (44.4%) of the nine patients with HCC had stable disease for 12 weeks or more. Stable disease lasting from 247 to 417 days was noted in two patients with HCC, one

patient with renal cell carcinoma, and one patient with GIST who had progressed following prior VEGF-targeted, anti-angiogenesis therapy. The median progression-free survival (PFS) was 1.4 months in all 35 patients and 1.8 months in the nine patients with HCC.

- *Conclusion.* Treatment with single-agent ALK-1 demonstrated preliminary anti-tumour activity in patients with solid malignancies, and particularly HCC, as reported in this study. The combination of ALK-1 with other agents, such as Sorafenib, may allow targeting of multiple phases of the angiogenic process associated with tumour growth and thus potentially provide increased benefit to patients. In conclusion, ALK-1 represents a novel strategy to block angiogenesis that may be complementary to current treatment with anti-VEGF agents, VEGFR kinase inhibitors or chemotherapy in patients with solid malignancies.

Market Opportunity and Competition

As of the Latest Practicable Date, there had been no approved drug using the same mechanism of action or the same target as ALK-1. The following chart sets forth a summary of ALK-1 and other competing drugs that have been approved for HCC in both China and the United States but adopt different mechanisms of action:

Metric for Comparison	**ALK-1**	**Sorafenib**	**Lenvatinib**
Indication	Metastatic HCC	HCC	HCC
Mechanism of Action	Activin receptor-like kinase-1, an antagonistic mediator of lateral transforming growth factor-beta/ALK-5 signalling.	Sorafenib interacts with multiple intracellular and cell surface kinases, and several of these kinases are considered to inhibit angiogenesis.	Lenvatinib is a receptor tyrosine kinase (RTK) inhibitor. Lenvatinib also inhibits other RTKs that have been implicated in pathogenic angiogenesis, tumour growth, and cancer progression.
Safety	Subjects found the maximum tolerance dosage of 10.0 mg/kg safe and were tolerant. Overall, treatment-related grade 3/4 adverse events were reported in eight patients (33.3%).	Grade 3 adverse reactions were reported in 39% of patients, and grade 4 adverse reactions were reported in 6% of patients.	Adverse reactions led to dose reduction or interruption in 62%. Treatment discontinuation due to adverse reactions occurred in 20% of patients.
Efficacy	12 (50%) patients achieved stable disease. The median time to progression was three months. For nine (38%) patients, the duration of treatment with ALK-1 exceeded the duration of the prior systemic therapy.	Median OS in the sorafenib group was 10.7 months. Median time to progression (TTP) was 5.5 months. The DCR was 43%.	The median OS for patients treated with lenvatinib was 13.6 months. Median PFS was 7.3 months, and median TTP was 8.9 months. In addition, Lenvatinib demonstrated significantly higher ORR of 44%.

Source: Frost & Sullivan Report

As of the Latest Practicable Date, there was one drug candidate (Dalantercept in combination with Sorafenib) which had completed phase I/II clinical trials in the United States that had the same mechanism of action as ALK-1.

ALK-1 is a member of the receptor protein superfamily in the TGF-β signalling pathway as well as BMP-9/10 signalling pathway. It is highly expressed in proliferating vascular endothelial cells. Preclinical data indicate that ALK-1 plays a key role in vascular development, especially vascular maturation, vascular tissue and patency. More importantly, ALK-1 is expressed to varying degrees in the blood vasculature of a variety of tumours, and its activation contributes to tumour-related angiogenesis and resistance to the inhibitory effects of VEGF targeting agents. This shows that the inhibition of ALK-1 expression is a potential novel anti-cancer treatment strategy.

For patients with HCC who were intolerant to VEGF inhibitor Sorafenib or experiencing disease progression after treatment with Sorafenib, there are currently no standard second-line treatment options, and the results of clinical trials of several targeted therapies have so far been disappointing. The response rate of Sorafenib as a first-line treatment of HCC is only 2%, while in the second-line treatment of HCC, the response rate of ramucirumab, brivanib and everolimus is 7%, 10% and 8%, respectively. A phase I clinical trial of ALK-1 was conducted in patients with HCC who developed disease progression or were intolerant to treatment after receiving a VEGFR tyrosine kinase inhibitor such as Sorafenib. From the phase I clinical data, it was concluded that ALK-1 showed good safety for HCC patients, certain clinical efficacy and the regulation of specific biomarkers.

We are pursuing the development of ALK-1 to become a better treatment as compared to the second-line standard therapy for metastatic HCC.

Near-term Plans

We target to complete our on-going phase II clinical trials for ALK-1's combination therapy with Nivolumab for metastatic HCC in Taiwan in 2020. We have obtained the acceptance notice for ALK-1's MRCT for both monotherapy and combination therapies from the CDE and will determine our strategies for ALK-1's MRCT based on the clinical trial results for ALK-1's combination therapy with Nivolumab in Taiwan. We may seek to explore the opportunity to conduct clinical trials for additional combination therapies for ALK-1 with other PD-1s.

Based on the initial results of phase-II clinical trials of ALK-1's combination therapy with Nivolumab in Taiwan, the six patients in stage one were safe at high dose (ALK-1 7.0 mg/kg + Nivolumab 3.0 mg/kg), and there was no necessity to reduce the dose for the combination therapy. These patients successfully entered the dose expansion group in stage 2. We have therefore set the key strategy for ALK-1's MRCT to be developing combination therapies, in particular combination therapies with PD-1s, rather than monotherapies.

On 19 August 2019, we entered into a strategic cooperation framework agreement with CMAB BioPharma (Suzhou) Inc. ("**CMAB**"), an independent third party (the "**Technology Development Agreement**"). Pursuant to the Technology Development Agreement, CMAB is obligated to assist the CMC (chemistry, manufacturing and control) research of ALK-1 (GT90002) monoclonal antibody and support our IND applications to the NMPA and the U.S. FDA for GT90002 by (i) completing the cell bank construction under the GMP conditions and the genetics stability research; (ii) developing the analysis methods and manufacturing process; (iii) completing the toxicity test and the production of API and test drug of GT90002 for IND application; and (iv) completing cell bank construction for end of production cells and

conducting relevant test and stability research of the API and test drug of GT90002. Under the Technology Development Agreement, we have made an upfront payment of RMB0.5 million to CMAB. We are also required to make milestone payments to CMAB according to the schedule described in the Technology Development Agreement. The Technology Development Agreement has an initial term of five years and may be terminated (i) by CMAB if we fail to make milestone payments according to the schedule described in the Technology Development Agreement; (ii) by us if CMAB, as a result of its default, fails to complete the development target and technical specifications as described in the Technology Development Agreement; and (iii) by either party if the performance of the Technology Development Agreement becomes impossible or unnecessary. We expect to discuss with CMAB the specific terms of our cooperation and to leverage their MC research and production platform as we progress our development of ALK-1.

As our clinical trials for ALK-1 progress and when we approach NDA stage, we expect to recruit experts with extensive experience in biologics manufacturing and to construct additional production line(s) for ALK-1.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ALK-1 SUCCESSFULLY

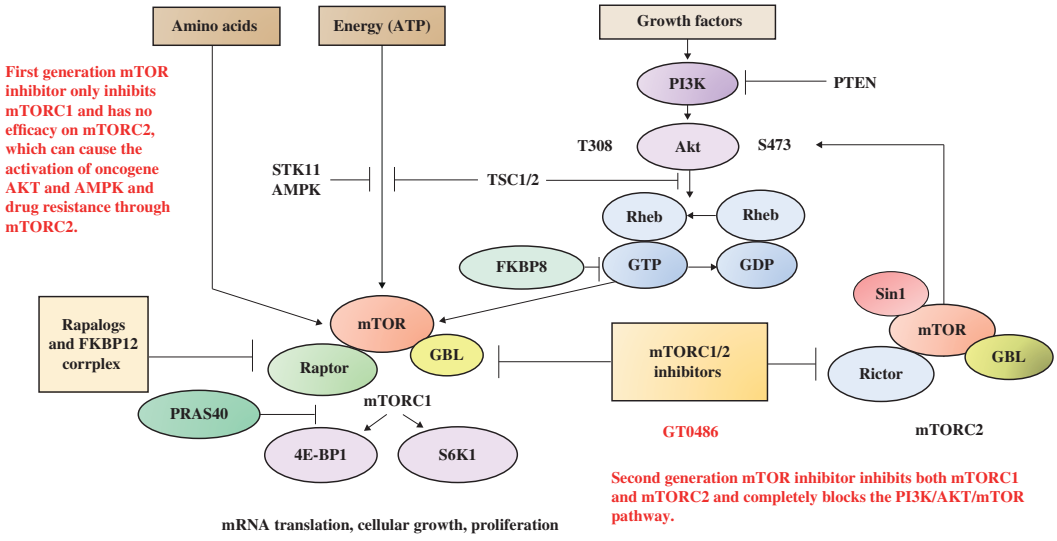
Detorsertib (GT0486) (迪拓賽替) (mTOR Kinase Inhibitor)

Detorsertib (GT0486) is an inhibitor of the PI3K/mTOR signalling pathway and a second generation mTOR inhibitor. We are currently developing GT0486 primarily for the treatment of metastatic solid tumours such as breast cancer, prostate cancer and liver cancer. We received the IND approval from the NMPA in China for Detorsertib in August 2019. We expect to commence patient enrolment in the third quarter of 2020.

Mechanism of Action

The PI3K/AKT/mTOR signalling pathway helps regulate various cellular functions including cell proliferation, differentiation, apoptosis and nutrition. It is the most commonly activated oncogenic signalling pathway in cancer cells and has been clinically proven to be a crucial mechanism that causes a variety of cancers develop drug resistance or metastasis. In recent years, the most important junctions of the downstream of PI3K have been found to be AKT and mTOR. Conventional mTOR inhibitors (first-generation mTOR inhibitors) are mainly rapamycin and its derivatives, which specifically inhibit mTORC1. Since these inhibitors only inhibit mTORC1 but have no efficacy on mTORC2, they can cause the activation of the MEK/MAPK pathway and the PI3K/Akt pathway and decrease of negative feedback inhibition, causing the reduction of anti-tumours action. GT0486, a second-generation mTOR inhibitor that competes with the catalytic site of mTOR for ATP and selectively inhibits mTORC1 and mTORC2, has demonstrated greater therapeutic advantages than single-target mTOR inhibitor as it can reduce the toxicity of dual inhibition of PI3K/mTOR without affecting the feedback pathway such as AKT. Recent studies have shown that more than 50% of cancers have abnormal activation of the mTOR pathway, including liver cancer, adrenal tumours, kidney cancer, breast cancer, ovarian cancer, colon cancer, prostate cancer, lymphoma and leukaemia.

The following diagram illustrates the mechanism of action of Detorsertib:



Source: Company

Summary of Clinical Results

Ongoing phase I clinical trials

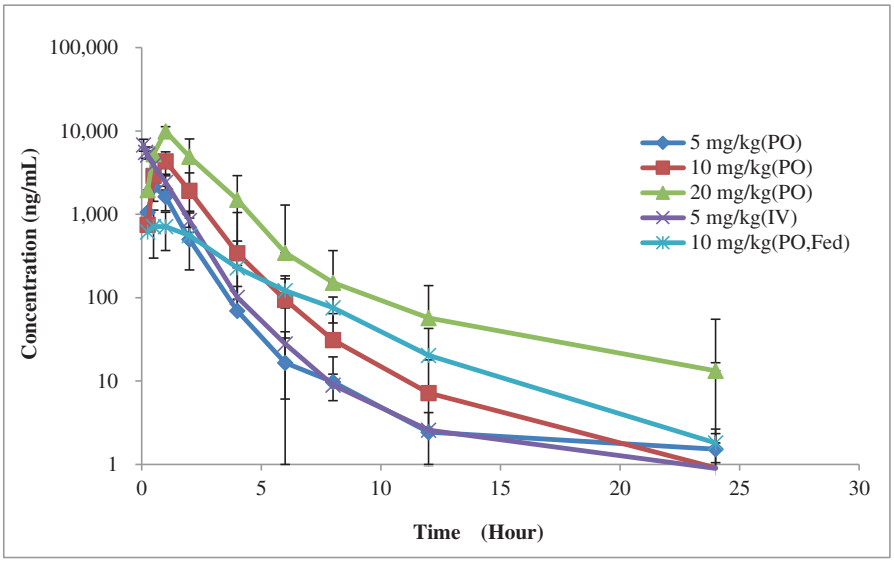
Trial design. We expect to conduct an open, dose escalation and dose expansion phase I clinical trial to evaluate the safety, tolerability, pharmacokinetics and initial efficacy of GT0486 in patients with solid tumours. We expect to mainly assess the safety and tolerability of GT0486 in the treatment of solid tumours, including prostate cancer, breast cancer, liver cancer, ovarian cancer, kidney cancer and lung cancer, and observe the DLT, the MTD and the pharmacokinetic characteristics of single does and sequential multiple doses of GT0486 in the human body, as well as preliminarily evaluate the antitumour activity of GT0486 in patients with advanced malignant solid tumours. The total number of patients in the clinical trial is estimated to be approximately 20 to 32 in the dose escalation phase and approximately 36 in the dose expansion phase.

Summary of Pre-clinical Studies

GT0486 was shown to possess a novel structure and high druggability. SciFinder database shows that the structure GT0486 is a novel compound and it contains certain classical "drug-like" fragments such as triazine and thiourea. Its molecular weight, HBD, HBA, PSA and other physiochemical properties were within Lipinski's rule-of-five and Veber's permeability rules. According to results from pre-clinical studies, including biological activity, pharmacodynamics, pharmacokinetics, absorption, distribution, metabolism, and excretion and efficacy (*in vivo* and *in vitro*), GT0486 has shown very high druggability.

- *Safety.* The safety pharmacology, acute toxicity, long-term toxicity and genotoxicity studies showed that GT0486 demonstrates good tolerance, low adverse reactions, and has a good treatment window. Drug exposure of GT0486 for animal dose at the highest non-severely toxic dose level is more than two times higher than the drug exposure required for optimal efficacy.

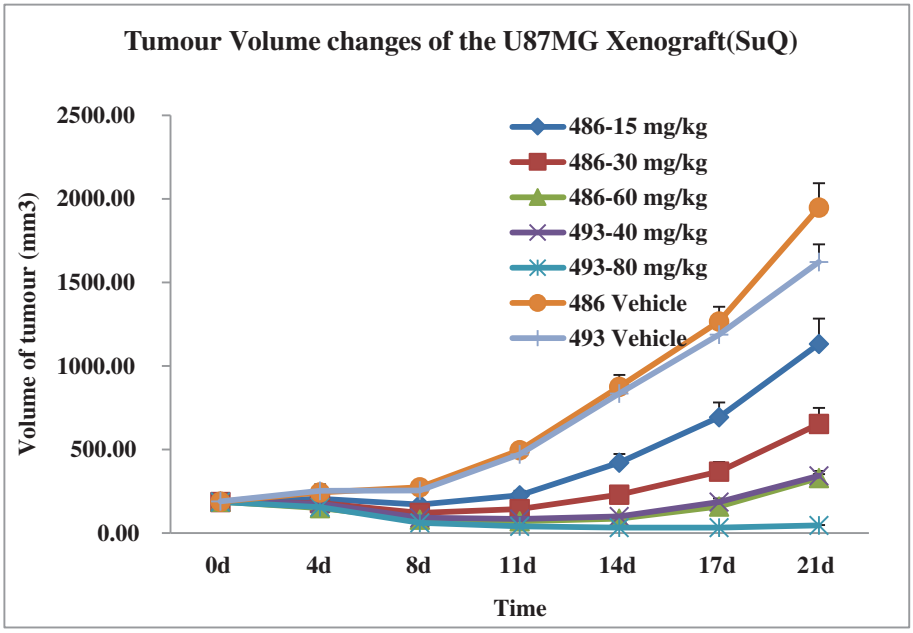
- *Pharmacokinetics.* We examined the pharmacokinetics characteristics of GT0486 in SD rats and beagle dogs. We also examined tissue distribution and excretion of these SD rats. The pharmacokinetics characteristics of GT0486 in beagle dogs were significantly different between fasting and non-fasting. It was shown food could reduce the exposure of GT0486 in beagle dogs and delay the absorption and elimination of GT0486 in beagle dogs. GT0486 was moderately absorbed in a single gavage in beagle dogs with no significant gender difference. The maximum plasma concentration was reached in 0.50 to 1.00 hours. The *in vivo* elimination half-life (t1/2) was 0.90 to 2.50 hours. The absolute bioavailability was 44.1% to 74.4%. Plasma exposure increased with dose and there was a good linear relationship with dose, which showed linear pharmacokinetics characteristics in beagle dogs. There was a certain degree of drug accumulation of GT0486 in beagle dogs after repeated intragastric administration.



Source: Company

Mean blood concentration of single dose of GT0486 – Time curve

- *Pharmacodynamics. In vitro* and *in vivo* pharmacology tests confirmed that GT0486 has strong inhibitory effect on mTOR kinase with an inhibition rate of 96%. The specificity and selectivity of GT0486 enables it to selectively inhibit mTOR kinase activity with no inhibitory effect on other receptors. Compared with other mTOR inhibitors (GDC0349, AZD2014, rapamycin, GDC0941 and CC223), GT0486 has the strongest inhibitory effect on glioma cells U87, prostate cancer cells PC-3, breast cancer cells MDA-MB-468, and liver cancer cells Huh-7, with the IC_{50} value of 131 nM, 73 nM, 342 nM and 32 nM, respectively. *In vivo* pharmacology studies showed that GT0486 can inhibit tumour growth in glioma (U87MG model), prostate cancer (PC-3 model) and liver cancer (Huh-7 model) in a dose-dependent manner, with the optimal effective dose at 30 mg/kg in mice. The test results from 60 different tumour cells conducted by the National Cancer Institute (NCI) show that GT0486 has different degrees of inhabitation for leukaemia cells, non-small lung cancer cell, colon cancer cells, central nervous system cancer cells, melanoma cells, ovarian cancer cells, renal cancer cells, prostate cancer cells, and breast cancer cells.



Source: Company

GT0486 and GT0493 (GDC0349) showed a significant dose-dependent in tumour growth inhibition, and both had significant differences.

Market Opportunity and Competitions

GT0486 is a novel targeted mTOR kinase inhibitor which belongs to the second generation mTOR inhibitors. Compared with the first generation mTOR inhibitors such as Sirolimus, Temsirolimus and Everolimus, which are derivatives of Rapamycin, GT0486 not only selectively inhibits mTORC1 but also selectively inhibits mTORC2. mTORC1 inhibitors Temsirolimus (indications: advanced renal cell carcinoma) and Everolimus (indications: advanced breast cancer, neuroendocrine tumours, advanced renal cell carcinoma, etc.) have been approved for clinical treatment. However, the first generation mTOR inhibitors only inhibit mTORC1 but have no efficacy on mTORC2, which can cause the activation of the MEK/MAPK pathway and the PI3K/Akt pathway and decrease of negative feedback inhibition. Such effect can cause the reduction of anti-tumour action, which can lead to dissatisfactory results of clinical treatment. The second generation mTOR inhibitors, especially the mTORC1/mTORC2 dual inhibitors, compete with the catalytic site of mTOR for ATP and highly selectively inhibit mTORC1 and mTORC2, which can overcome the shortcomings of the first generation mTOR inhibitors. Second generation mTOR inhibitors can reduce the toxicity of dual inhibition of PI3K/mTOR without affecting the feedback pathway such as AKT, which have a greater therapeutic advantage than the single-targeted mTOR inhibitors. GT0486 has the same mechanism as other clinical second generation mTOR inhibitors such as AZD2014 and CC223, but shows better *in vitro* and *in vivo* efficacy. Therefore, GT0486 has the potential to be developed into a new generation of anti-tumour innovative drug targeting mTOR kinase. As at the Latest Practicable Date, there was no mTORC1/mTORC2 dual inhibitors that had been approved for marketing. Our development of a new dual mTORC1/mTORC2 inhibitor with independent intellectual property rights, if successful, has the potential to become a first-in-class mTORC1/mTORC2 inhibitor addressing unmet medical need.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET DETORSERTIB (GT0486) SUCCESSFULLY

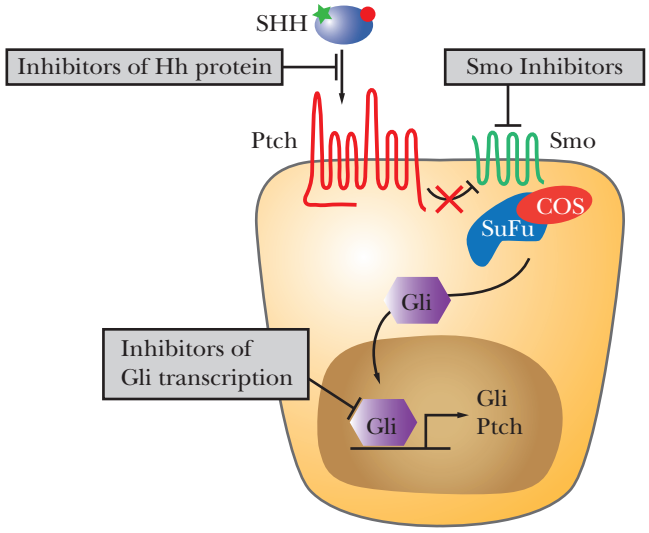
GT1708F (Hedgehog/SMO Inhibitor)

GT1708F is an inhibitor of the hedgehog signal transduction pathway. We are currently developing GT1708F primarily for the treatment of leukaemia and BCC. We obtained IND approval for GT1708F from the NMPA in February 2020. In connection with the development of GT1708F, we entered into a technology transfer agreement with Suzhou Yunxuan on 14 December 2016 and a supplemental agreement on 13 June 2019. Please refer to "– Our Licensing Arrangements – Yunxuan Technology Transfer Agreement" below for further details of the contractual arrangements.

Mechanism of Action

GT1708F is a Hedgehog signalling pathway SMO inhibitor. The hedgehog signal transduction pathway is a signal transduction pathway that classically controls the development of embryos. It is important in the development and differentiation of cells post embryonic development and embryogenesis. Since the discovery of hedgehog signal transduction pathway, accumulated data have demonstrated that this pathway plays an important role in cancer initiation and progression. Activating mutations in the hedgehog pathway have been identified in medulloblastoma and in rhabdomyosarcoma. In addition, deregulation of this pathway modulates tumour microenvironment in other cancers, including breast, lung, liver, stomach, colon and prostate cancers. These results reveal that hedgehog signalling pathway is an attractive therapeutic pathway for oncology indications.

Research studies show that in approximately 25% of cancer-causing death cases, the corresponding tumour cells have abnormal activation of Hedgehog signalling pathway (PTCH, the patched, deletion or SMO overexpression) and overexpression of the target gene. The occurrence of medulloblastoma and basal-cell carcinoma are associated with abnormal activation of the Hedgehog signalling pathway. Studies have found that activation of the Hedgehog signalling pathway also contributes to the development and progression of myeloid malignancies. The Hedgehog signalling pathway is activated by up-regulating SMO in acute myeloid leukaemia cells and chronic myeloid leukaemia stem cells, and the occurrence of chronic myeloid leukaemia in a mouse model can be reduced through the inhibition of SMO.



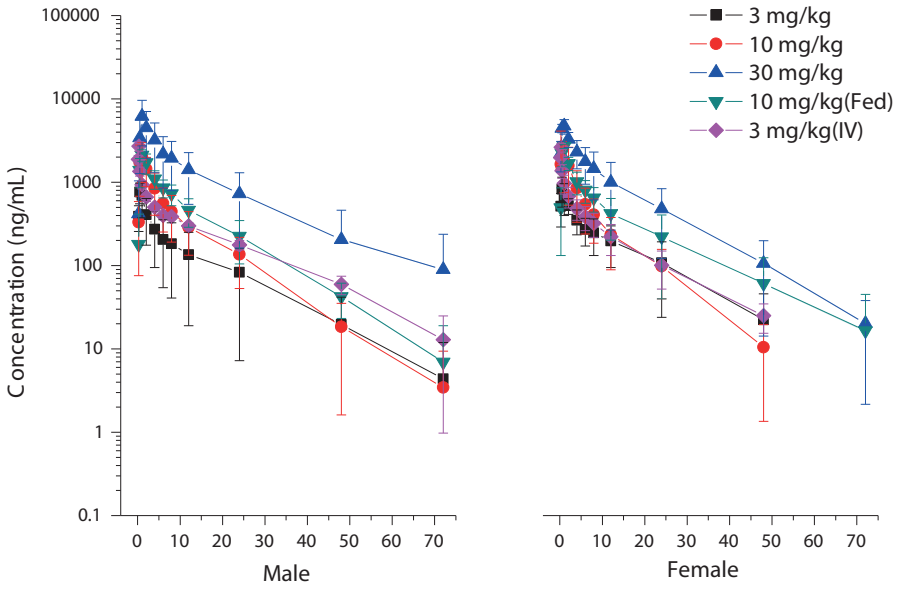
Composition, relationship and signal pathway blocking molecule sites of Hedgehog signal pathway

Source: Company

Summary of Pre-clinical Studies

- *Safety*. The safety pharmacology, acute toxicity, repeated dose toxicity and genotoxicity studies showed that GT1708F demonstrates good tolerance, no serious adverse reactions and certain treatment windows.

- *Pharmacokinetics*. The pharmacokinetic studies of GT1708F mainly included pharmacokinetic characteristics, absorption, distribution, excretion, binding to plasma proteins, biotransformation and metabolic enzyme subtype identification and effects on drug metabolising enzymes in SD rats and beagle dogs as well as a primary study of GT1708F in the nerve of beagle dogs. The studies included tests of GT1708F in fasting and non-fasting in beagle dogs and the pharmacokinetic characteristics were not statistically significant, indicating that food caused no effect on pharmacokinetic characteristics *in vivo*. The maximum plasma concentration was reached between 0.50 and 1.00 hours, and the absolute bioavailability in male and female animals at 3 mg/kg was 46.37% and 76.11%, respectively. The terminal elimination half-life (t1/2) was similar at each dose, and the elimination processes were basically the same in male and female animals and the t1/2 was 7.68 to 11.67 hours. Non-repeating gavage administration and seven-day repeating gavage administration were given (10 mg/kg) to male and female beagle dogs and GT1708F did not produce significant drug accumulation.

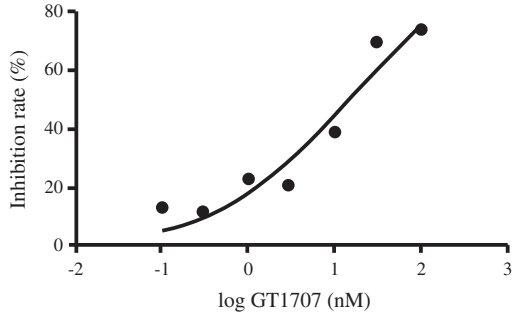


Source: Company

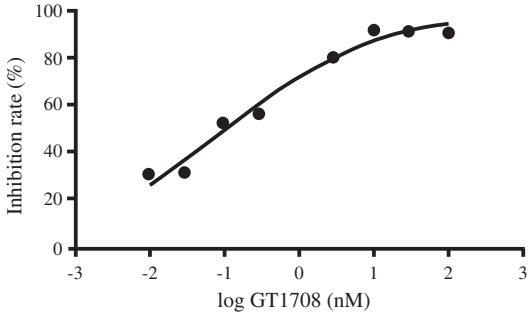
Mean plasma drug concentration for single administration – time curve (male and female comparison)

In addition, after male and female SD rats were given GT1708F for a single intragastric administration, GT1708F was widely distributed in rat tissues and could pass through the blood-brain barrier. There was also a certain amount of drug distribution in the brain and bone marrow. The distribution of GT1708F in the brain peaked at one hour after administration, and the brain/blood drug concentration ratio was 23% to 25% (as compared to 4% of Vismodegib's exposure rate). The elimination of the drug was slower in the brain of female rats and the brain/blood distribution ratio was 35% eight hours after administration.

- *Pharmacodynamics.* GT1708F is a highly active SMO inhibitor. Both *in vitro* and *in vivo* pharmacodynamic studies confirmed that GT1708F inhibits the activity of SMO protein (see figure below), blocks Hedgehog signalling pathway and inhibits Gli protein mRNA.



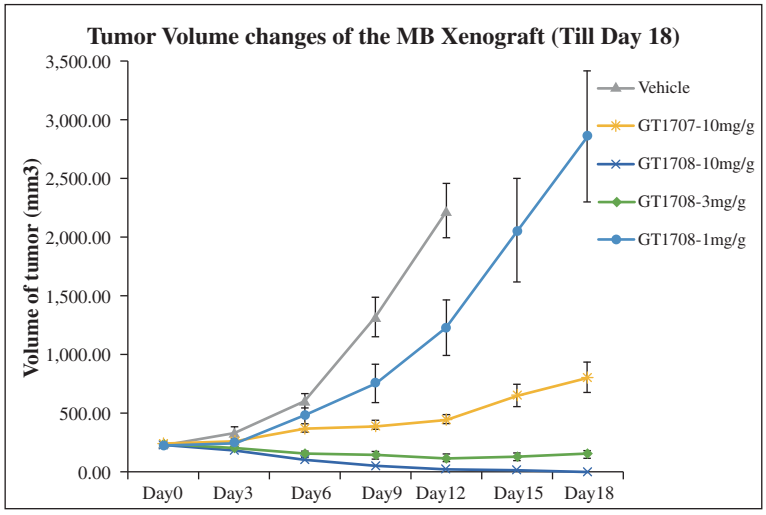
Source: Company



Source: Company

The results showed that the activity of GT1708F inhibiting the Hedgehog signalling pathway was 0.11 nM, and the inhibitory activity of the positive control GT1707 (Vismodegib, GDC-0449 Roche) was 10.98 nM, indicating that GT1708F can significantly inhibit the activity of the Hedgehog signalling pathway, and its activity is 100 times of the GT1707.

Further *in vivo* studies showed that GT1708F inhibited tumour growth in both medulloblastoma and basal cell carcinoma. The effective dose for medulloblastoma nude mice was 6 mg/kg/day. The effective dose for basal cell carcinoma nude mice was 12.5 mg/kg/day. The results of one of the animal efficacy tests are shown below:



Experimental results: (i) GT1708F and GT1707 can significantly inhibit the growth of subcutaneous tumours in SCID tumour-bearing mice at a certain dose. (ii) The anti-tumour effect of GT1708F in middle and high doses was significantly better than that of the positive control GT1707, and the effect was dose-dependent.

Source: Company

Clinical Trials Plan

China. We plan to conduct two phase I clinical trials in China simultaneously for the treatment of solid tumours and hematological tumours and we expect to commence patient enrolment in the third quarter of 2020:

Clinical trial 1: we expect to conduct an open, dose escalation and dose expansion phase I clinical study for the evaluation of safety, tolerability, pharmacokinetics and initial efficacy of GT1708F in the treatment of patients with solid tumours, which mainly assesses the safety and tolerability in the treatment of advanced malignant solid tumours (including BCC and medulloblastoma), observes the possible DLT and MTD as well as the *in vivo* pharmacokinetic characteristics of single dose and sequential multiple doses of GT1708F and preliminarily evaluates the anti-tumour activity of GT1708F in patients with advanced malignant solid tumours. The total number of patients in this clinical trial is expected to be approximately 20 to 32 in the dose escalation phase and approximately 24 in the dose expansion phase.

Clinical trial 2: we expect to conduct an open, dose escalation and dose expansion phase I clinical study for the evaluation of safety, tolerability, pharmacokinetics and initial efficacy of GT1708F in the treatment of patients with advanced hematologic malignancies tumours, which mainly assesses the safety and tolerability of GT1708F in the treatment of patients with advanced hematologic malignancies tumours (including acute myeloid leukaemia, chronic myeloid leukocytes, chronic lymphocytic leukaemia and myeloproliferative syndrome), observes the possible DLT and MTD as well as the *in vivo* pharmacokinetic characteristics of single dose and sequential multiple doses of GT1708F and preliminarily evaluates the anti-tumour activity of GT1708F in patients with advanced hematologic malignancies tumours. The total number of patients in this clinical trial is expected to be approximately six to 12 in the dose escalation phase and approximately 12 in the dose expansion phase.

United States. We conducted our pre-clinical studies in accordance with the applicable U.S. FDA regulations and we expect to submit a clinical trial application to the U.S. FDA in the first quarter of 2020.

Market Opportunity and Competitions

SMO inhibitors have been approved for the treatment of basal cell tumours and acute myeloid leukaemia in overseas markets, but there was no SMO inhibitors commercialised in China as of the Latest Practicable Date. Therefore, there is an unmet need for patients with basal cell tumours, acute myeloid leukemia and other tumours activated by the Hedgehog signalling pathway in the tumour microenvironment. As a novel SMO, GT1708F is expected to become a new drug for the treatment of cancer that addresses the unmet needs in the current treatment methods. Through pre-clinical analysis of the drug metabolism, efficacy and safety results of GT1708F and the comparison of mechanism and safety performance with the commercialised clinical drugs (such as GDC-0449 and LED225) and other drugs under development, we found that GT1708F has better pharmacological effects and can pass the blood-brain barrier. We expect GT1708F to be a clinically innovative drug for the treatment of solid tumours and hematological tumours.

Our Discovery-phase Projects

In addition to the drug candidates described above, we are also in the discovery phase for the development of other potential drug candidates, including an IDO inhibitor as a novel immune oncology agent, an AR degrader for the treatment of prostate cancer and a c-Myc inhibitor for the treatment of blood cancer. In connection with the development of c-Myc inhibitor, we entered into a technology transfer agreement with Peking University on 2 January 2019. Please refer to "– Our Licensing Arrangements – Peking University Technology Transfer Agreement" below for further details of the contractual arrangements.

Material Communications with Competent Authorities

Proxalutamide (GT0918)

China

Our communications with the NMPA can be categorised into three stages, corresponding to the advancement of the development of Proxalutamide: (1) pre-IND discussions with the CDE; (2) IND application and review; and (3) conclusion of prior-stage clinical results and to apply for initiation of phase III clinical trials. We have also since planned several pre-NDA meetings with the CDE and the NMPA.

- *Prostate cancer indications*

In December 2013, we submitted IND application for Proxalutamide for prostate cancer indications. In September 2014, we received a written notification from the CDE regarding our Proxalutamide IND application and we were required to provide additional information on pre-clinical safety, efficacy and quality control. In November 2014, we submitted the required information to the CDE. In March 2015, we received IND approval from Jiangsu Food and Drug Administration for the commencement of phase I to phase III clinical trials for Proxalutamide for mCRPC in China.

Between December 2017 and April 2018, we had several written communications with the CDE to review phase I results and phase II interim analysis prior to initiating phase III clinical trials for Proxalutamide for mCRPC. We received no objection from the CDE for initiating phase III clinical trials.

In June 2018, we had written communications with the CDE to seek approval to initiate phase III clinical trials for combination therapy with Abiraterone and the phase Ib clinical trials for combination therapy with PARP inhibitor. In June 2018, we received approval from the CDE to commence phase III clinical trials and the clinical trials for combination therapy with PARP inhibitor.

In April 2019, we had written communications with the CDE regarding indications expansion of other stages of prostate cancer. We received no objection from the CDE.

- *Breast cancer indications*

In June 2016, we submitted IND application for Proxalutamide for breast cancer indications. In February 2017, we received IND approval from NMPA for the commencement of phase I to phase III clinical trials for Proxalutamide for breast cancer indications.

The United States

- *Prostate cancer indications*

In October 2014, we had pre-IND written communications with the U.S. FDA consulting the document requirements for the phase I clinical trials for Proxalutamide for prostate cancer in the United States. In June 2015, we submitted the IND application to the U.S. FDA. In July 2015, we obtained IND approval from the U.S. FDA for the commencement of phase I clinical trials.

In January 2019, we submitted a phase II clinical trials protocol to the U.S. FDA to evaluate the safety and tolerability of Proxalutamide in patients with mCRPC who failed either Abiraterone or Enzalutamide.

- *Breast cancer indications*

In November 2016, we submitted a new protocol for Proxalutamide for TNBC to the U.S. FDA and received no comment from the U.S. FDA.

Pyrilutamide (KX-826)

China

In August 2017, we submitted the IND application of Pyrilutamide for the treatment of androgenetic alopecia to the NMPA. In April 2018, we obtained IND approval from the NMPA for the commencement of phase I to phase III clinical trials.

The United States

In October 2015, we had pre-IND written communication with the U.S. FDA. In May 2018, we submitted the IND application to the U.S. FDA. In June 2018, we obtained IND approval from the U.S. FDA for commencement of phase I clinical trials for androgenetic alopecia.

In November 2019, we submitted phase Ib clinical protocol to the U.S. FDA for the treatment of androgenetic alopecia.

ALK-1 (GT90001)

In October 2018, we submitted an IND application to the MOHW for phase II clinical trials of ALK-1 in combination with PD-1 in Taiwan. In November 2018, the MOHW approved in principal that the phase II clinical trials may proceed and we were required to provide the theoretical basis of the combination therapy of ALK-1 and Nivolumab and further elaborate whether ALK-1's ability to decrease the blood flow in tumours would obstruct the immune cells from entering the tumours before the commencement of the clinical trials.

In November 2018, we had written communications with the CDE regarding phase II and phase III clinical studies of ALK-1 in comparison with Sorafenib and in combination with PD-1. The CDE provided its advice on the cell-line production materials of ALK-1.

In October 2019, we received the acknowledgement of acceptance for our IND applications for ALK-1 from the NMPA. We expect to receive MRCT approval in 2020.

Detorsertib (GT0486)

In March 2019, we had pre-IND written communication with the CDE regarding our questions on the design of the phase I clinical trial of GT0486 in China. The CDE provided advice on the design of the clinical trials.

In June 2019, we submitted the IND applications for Detorsertib (GT0486) and Detorsetib tablets to the NMPA. In August 2019, we obtained the approval for the commencement of phase I to phase III clinical trials from the NMPA.

Hedgehog/SMO Inhibitor (GT1708F)

In August 2019, we had pre-IND written communication with the CDE regarding the design of the phase I clinical trials for GT1708F in China. The CDE provided advice on the design of the clinical trials.

In November 2019, we received the acknowledgement of acceptance from the NMPA for our IND application for GT1708F. In February 2020, we obtained IND approval for GT1708F from the NMPA.

Our Licensing Arrangements

Our Licensing Arrangements Relating to Clinical-Stage Drug Candidates

Pfizer Licence Agreement

In February 2018, we entered into a licence agreement with Pfizer (the "**Pfizer Licence Agreement**"), an independent third party. Pursuant to the Pfizer Licence Agreement, we obtained an exclusive global licence under certain patents and know-how to use, develop, manufacture and commercialise the ALK-1 Product for the treatment of cancer. We are obligated to use commercially reasonable efforts to develop and commercialise the ALK-1 Product in China (which, for purposes of the Pfizer Licence Agreement, includes Hong Kong, Macao and Taiwan), the United State as well as any of the United Kingdom, France, Italy, Spain, Germany and Japan.

Under the Pfizer Licence Agreement, we have made upfront and inventory payments aggregating US$3.0 million. We are also required to make development milestone payments to Pfizer in respect of our first dosing of a patient in the first phase III clinical trial for the ALK-1 Product anywhere in the world and our first submission of an NDA for the ALK-1 Product anywhere in the world, as well as each time we receive a marketing approval for the ALK-1 Product in any country (up to a maximum of five marketing approval-related milestone payments). Under our current development plan for the ALK-1 Product, we expect we would be required make milestone payments aggregating US$13.0 million in respect of our development and receipt of marketing approval for the ALK-1 Product in China (which, for purposes of the Pfizer Licence Agreement, includes Hong Kong, Macao and Taiwan). To the extent we pursue and obtain marketing approvals in other countries, we would be required to make additional milestone payments for each such country (up to a maximum of four additional milestone payments aggregating US$33.0 million). We are required to make a further one-time milestone payment of US$5.0 million if we obtain a marketing approval for the ALK-1 Product for a second indication anywhere in the world. As of the Latest Practicable Date, we had not reached any of the development milestones requiring payments. In addition, we are required to make certain sales milestone payments to Pfizer when cumulative net sales of the ALK-1 Product worldwide first reach the respective thresholds set out in the Pfizer Licence Agreement. Furthermore, we are required to make tiered royalty payments to Pfizer at different marginal rates ranging from low-to-mid single digit to low-teen percentage on the aggregate net sales of the ALK-1 Product, with each marginal rate applicable to a corresponding royalty term period, on a product-by-product and country-by-country basis, until the later of (i) fifteen years following the date of first commercial sale of the ALK-1 Product in such country; (ii) the expiration of all regulatory or data exclusivity in such country; or (iii) the expiration of the last-to-expire licenced patent covering the ALK-1 Product in such country.

Under the Pfizer Licence Agreement, we have also granted Pfizer an exclusive, irrevocable option (the "**Call Option**"), exercisable at Pfizer's sole discretion to obtain the exclusive royalty-bearing rights to use, develop, commercialise and manufacture any ALK-1 Product in any country excluding the mainland China, Hong Kong, Macao and Taiwan. The Call Option is exercisable by Pfizer until 180 days after Pfizer receives the top-line summary of the data resulting from our first phase II clinical trial of the ALK-1 Product, and may be further extended until 180 days after Pfizer receives the top-line summary of the data resulting from the first phase III clinical trial of the ALK-1 Product. If Pfizer exercise the Call Option, we are entitled to receive compensation of certain multiples of our development costs and upfront payments as well as reverse royalties from Pfizer. If Pfizer does not exercise the Call Option with respect to the notice of completion of phase II clinical trial of the ALK-1 Product, Pfizer continues to hold a right of first refusal over certain significant commercial arrangements we may seek to enter with third parties with respect to the ALK-1 Product in specific major markets. The right of first refusal granted to Pfizer terminates (i) in its entirety if Pfizer does not exercise the Call Option with respect to its receipt of the top-line summary of the data resulting from the first phase III clinical trial of the ALK-1 Product, and (ii) with respect to any ALK-1 Product in any major market, if we grant a third party a sub-licence to commercialise such ALK-1 Product in such major market and Pfizer does not exercise its right of first refusal with respect to such sublicense.

Under the Pfizer Licence Agreement, certain of our rights and obligations are subject to the terms of a separate licence agreement between Pfizer and a U.S.-based multinational biopharmaceutical company (the "**Third Party Licence Agreement**"), an independent third party to our Company. The Third Party Licence Agreement granted Pfizer the option to acquire an exclusive, worldwide licence, including the right to grant sublicences, to develop, make, use and sell antibody products derived from the research collaboration between Pfizer and the third party. The research collaboration was established between Pfizer and the third party to develop

antibody products for up to three undisclosed antigens, the first of which was in the field of cancer. Pursuant to the Third Party Licence Agreement, the third party retains control over patent prosecution and maintenance and patent term extension, as well as rights of enforcement and recoveries in third party infringement actions relating to the intellectual property licensed to us by Pfizer under the Pfizer Licence Agreement. In addition, pursuant to the Pfizer Licence Agreement, we are obligated to reimburse Pfizer for certain costs and expenses for which it is responsible under its third-party licence agreement in connection with patent prosecution and extension activities in relation to the ALK-1 Product or to reimburse the third party or its counsel directly for such costs. The Third Party Licence Agreement was entered into in December 1997 and may be terminated for cause by either party for a breach of any written representation or warranty in any material respect by the other party or an unremedied failure to perform any contractual term or covenant in any material respect within the stipulated cure period by the other party.

The Pfizer Licence Agreement remains in effect until the expiration of our obligation to pay royalties to Pfizer, and may be terminated (i) for cause by either party for an uncured material breach within the stipulated cure period by the other party; (ii) by either party for the other party's bankruptcy event; or (iii) for convenience by us upon 90 days prior written notice to Pfizer, which may be provided after the first anniversary of the effective date of the Pfizer Licence Agreement. We closely monitor the status of our obligations under the Pfizer Licence Agreement and endeavour to fulfil our obligations and maintain good working relations with Pfizer.

Our Licensing Arrangements Relating to Pre-clinical Drug Candidates

Yunxuan Technology Transfer Agreement

We entered into a technology transfer agreement with Suzhou Yunxuan on 14 December 2016 and a supplemental agreement on 13 June 2019 (together, the "**Yunxuan Technology Transfer Agreement**"), pursuant to which we acquired from Suzhou Yunxuan all patents, information, data and technological know-how relating to Hedgehog/SMO inhibitor (GT1708) to develop and commercialise the corresponding drug candidate.

Under the Yunxuan Technology Transfer Agreement, we have made RMB3,044,000 upfront payments to Suzhou Yunxuan. We were also required to apply for clinical trial approval for GT1708F by the end of 2019, which has been fulfilled. We are required make development milestone payments aggregating RMB27.0 million to Suzhou Yunxuan when the following development milestones with respect to the first product containing Hedgehog Signalling pathway compound as described in the Yunxuan Technology Transfer Agreement (the "**Hedgehog Signalling Pathway Product**") are first achieved in China: (i) the making of a clinical trial application to the NMPA and receiving its acknowledgement of acceptance; (ii) First-in-Human in the phase I clinical trial in China; (iii) First-in-Human in the phase III clinical trial in China or, if phase III clinical trial is not required for making the NDA, the last patient completing First-in-Human; and (iv) making the NDA to the NMPA and receiving its acknowledgement of acceptance. We are also required to make an additional development milestone payment of US$25.0 million when the Hedgehog Signalling Pathway Product achieves first commercial sale in the United States. In addition, we are required to make certain sales milestone payments to Suzhou Yunxuan if annual net worldwide sales of the Hedgehog Signalling Pathway Product first reach the respective thresholds set out in the Yunxuan Technology Transfer Agreement. Furthermore, we are required to make tiered royalty payments to Suzhou Yunxuan on the annual net worldwide sales of the Hedgehog Signalling Pathway Product, calculated on a product-by-product and country-by-country basis, provided that when any Hedgehog Signalling Pathway Product reaches the below points-in-time in any country, the

sales of such product in such country would not be calculated into the aggregate net sales: the later of (i) ten years following the date of first commercial sale of the Hedgehog Signalling Pathway Product in such country; (ii) the expiration of all regulatory exclusivity in such country; or (iii) the expiration of the last-to-expire licensed patent covering the production, use, or sale of the Hedgehog Signalling Pathway Product in such country. The applicable royalty rate varies with the annual net worldwide sales amount and ranges from low single digit percentage to moderately high single digit percentage.

Suzhou Yunxuan is entitled to continue its research and development in relation to hedgehog signalling pathway inhibitors. We are entitled to the right of first refusal to acquire any new hedgehog signalling pathway inhibitor with a new structure developed by Suzhou Yunxuan.

If the Hedgehog Signalling Pathway Product contains compounds other than Hedgehog Signalling Pathway compound, the royalty payments described will be adjusted to reflect the relative value contributed by the Hedgehog Signalling Pathway compound to the product.

Suzhou Yunxuan is an independent third party to our Company. It primarily focuses on pharmaceutical R&D based on computer simulation technology and providing technical consulting and technology transfer services.

Peking University Technology Transfer Agreement

We entered into a technology transfer agreement with Peking University (the "**Peking University Technology Transfer Agreement**") on 2 January 2019, pursuant to which we acquired from Peking University all information, data and technological know-how relating to c-Myc/Max compound to develop and commercialise the corresponding drug candidate.

Under the Peking University Technology Transfer Agreement, we made an RMB3.0 million upfront payment to Peking University. We are required to make development milestone payments to Peking University when the following development milestones aggregating RMB27.0 million with respect to c-Myc/Max compound (the "**c-Myc Product**") are first achieved in China: (i) the making of a clinical trial application to the NMPA and receiving its acknowledgement of acceptance; (ii) First-in-Human in the phase I clinical trial in China; (iii) First-in-Human in the phase III clinical trial in China or, if phase III clinical trial is not required for making the NDA, the last patient completing First-in-Human; and (iv) making the NDA to the NMPA and receiving its acknowledgement of acceptance. We are also required to make an additional development milestone payment of US$10.0 million when the c-Myc Product achieves first commercial sale in the United States. In addition, we are required to make certain sales milestone payments to Peking University if annual net worldwide sales of the c-Myc Product first reach the respective thresholds set out in the Peking University Technology Transfer Agreement. Furthermore, we are required to make tiered royalty payments to Peking University on the annual net worldwide sales of the c-Myc Product, calculated on a product-by-product and country-by-country basis, provided that when any c-Myc Product reaches the below points-in-time in any country, the sales of such product in such country would not be calculated into the aggregate net sales: the later of (i) ten years following the date of first commercial sale of the c-Myc Product in such country; (ii) the expiration of all regulatory or data exclusivity in such country; or (iii) the expiration of the last-to-expire licensed patent covering the production, use or sale of the c-Myc Product in such country. The applicable royalty rate varies with the annual net worldwide sales amount and ranges in the low single digit percentages.

Pursuant to the Peking University Technology Transfer Agreement, we have agreed to use our commercially best efforts to apply for clinical trial approval from the NMPA for approval to commence clinical trials with respect to the c-Myc Product within six years of the date of signing. If we fail to submit the clinical trial application within the prescribed time limit, Peking University has the right to demand us to transfer all the intellectual properties applied for back to Peking University without refunding any amount received under the Peking University Technology Transfer Agreement, provided that the delay in making the clinical trial application is not caused by force majeure events as described in the Peking University Technology Transfer Agreement. Peking University may continue its research and development of c-Myc/Max inhibitors and we are entitled to the right of first refusal to acquire any new intellectual property rights in relation to c-Myc/Max inhibitor developed by Peking University.

RESEARCH AND DEVELOPMENT

We have established an integrated R&D platform to support our drug development programmes from drug discovery to clinical trials. We conduct proprietary laboratory research to identify and select new compounds as our potential drug candidates, and we manage our drug development process primarily using our internal R&D resources to ensure that the process meets the quality standards we have set internally.

Through the development of Proxalutamide and Pyrilutamide, we have accumulated significant expertise in AR-related know-how and have developed a leading AR technology platform. We believe we have accumulated industry-leading expertise in the field of AR signalling pathway, molecule design and PK/PD modelling. Leveraging our AR technology platform, we have successfully progressed Proxalutamide to phase III clinical trials in China, expanded the indication of Proxalutamide to metastatic breast cancer, and have also developed Pyrilutamide for androgenetic alopecia and acne vulgaris.

Our R&D work is led by senior scientists, including Dr. Tong, supported by nine other returnee scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in the United States and who together provide us with combined expertise covering small molecule, biologics, compound design and commercialisation. Both of our co-founders, Dr. Tong and Dr. Guo, have been recognised as "State Specially Recruited Experts" (國家特聘專家) under the "One Thousand Foreign Experts Program" (千人計劃) for entrepreneurs and innovative talents.

Please refer to "Directors and Senior Management" for further details of the expertise and experience of our key management.

Our R&D platform possesses combined and closely coordinated capabilities of small-molecule R&D and biologics R&D. Our small-molecule pre-clinical R&D is carried out by our pharmacokinetics department, our chemistry department and our biology department led by Liandong Ma and Dr. Ruo Xu jointly, and primarily focuses on the design and synthesis of chemical compounds as well as *in vivo* and *in vitro* biology testing and data collection. Our biologics pre-clinical R&D is carried out by our antibody department led by Dr. Jianfei Yang, which is primarily responsible for biological target identification, discovery and development of therapeutic biologics and contract manufacturing control.

Our clinical-stage R&D and product R&D support both our small-molecule and biologics R&D functions and are carried out by (i) our clinical division, which is primarily responsible for clinical trials and consists of our clinical operation department, clinical medicine department and our U.S. clinical department; and (ii) our product research division, which is primarily responsible for formulation analysis and consists of our analytical research department and our formulation department.

Our core R&D personnel have accumulated extensive experience from research institutions, universities and pharmaceutical companies in the relevant therapeutic areas, including leading scientists and researchers with drug discovery experience from U.S. biotech companies and global pharmaceutical companies. A majority of our R&D personnel as of 31 December 2019 have obtained master's or Ph.D. degrees.

In-house R&D Activities

We manage our drug development process primarily through our internal R&D resources. We have adopted standard operating procedures that govern each stage of our drug development process.

Target Entry and Hit to Lead

We establish project teams to identify promising lead compounds in our drug discovery process. Our biology department is responsible for target identification and validation and our chemistry department helps provide molecules for our biology department to conduct *in vivo* and *in vitro* assays. Our pharmacokinetics department helps determine the vehicles for the lead molecule testing *in vivo*. Team members from our chemistry department, biology department and pharmacokinetics department meet regularly to start hit expansion, structure activity relationship (SAR) analysis and lead identification.

Lead Optimisation

After a lead is identified, our biology department, chemistry department and pharmacokinetics department work together to optimise the lead, including to improve the efficacy, absorption, distribution, metabolism, and excretion properties, as well as to conduct pilot toxicity studies. Members of each project team meet weekly to review the progress of the project and determine the plans for upcoming studies.

Candidate Selection

Our biology department, chemistry department and pharmacokinetics department work together to conduct key pre-clinical studies on pharmacodynamics, pharmacokinetics, absorption, distribution, metabolism, and excretion, efficacy (*in vivo* and *in vitro*) and toxicology. Based on the results of our pre-clinical studies, including critical efficacy data, pharmacodynamics/pharmacokinetics modelling and margin of safety data, as well as patient tailoring strategies, we select the drug candidates that warrant further clinical studies for which to apply for IND approval.

Outsourced R&D Activities

In line with industry practice, we conduct clinical trials primarily by engaging NMPA-certified clinical centres and CROs who meet our requirements. Our Chief Medical Officers, Dr. Xuwei Dong and Dr. Guohao Zhou, manage the overall clinical trial process for our drug candidates, and are supported by designated personnel from our clinical division who are responsible for managing CROs' work. Our director of U.S. clinical operations and director of China clinical operations manage the clinical trial process for our drug candidates in the United States and China, respectively.

We co-monitor the overall clinical trial process for our drug candidates. We review all plans related to clinical trials proposed by CROs and provide our feedback to CROs on these draft plans. After revisions, we approve the final plans to be used for the clinical trials. We select our CROs based on various factors, including their GCP certification, their standard

operating procedures, their reputation, the related trial experience of their teams, clinical site availability and proposed budgets. We hold regular progress meetings with our CROs. We review all documentations prepared by our CROs and follow up with them if we have any questions on the documentation. Our CROs are also required to fully cooperate with our monitoring and inspection activities and rectify any issue identified in our monitoring and inspection activities.

We generally do not enter into long term agreements with our CROs. Key terms of our agreements with CROs are summarised as follows:

- *Service.* The CROs provide clinical trial services, including project management, investigative site management, monitoring, data management, lab services and patient enrolment for clinical studies.

- *Term.* The CROs are required to complete relevant clinical trial projects set out in the agreement within the prescribed time limit.

- *Payment.* We are required to make payments to CROs in instalments according to the respective services agreed during the clinical trials.

- *Medical dispute.* We are responsible for the adverse effects or personal injury caused by our drug candidates during the clinical trials, except for those caused by medical accidents or gross negligence of other parties. Each party indemnifies the other party for losses caused by its fault or gross negligence.

- *Intellectual property rights.* All intellectual property rights arising from the clinical trial process for our drug candidates belong to us.

Our CROs engaged during the Track Record Period are independent third parties.

R&D Collaborations

Our R&D capabilities and drug development efforts are supported by a number of renowned experts who serve as our senior advisors. These experts include Dr. Liang Tong, a tenured professor and the chair of the Department of Biological Science at Columbia University specialising in the research of protein structure and functions. Dr. Liang Tong has been deeply involved in the key steps of our drug development programmes to provide valuable guidance and professional advice.

We have engaged in a number of collaborative R&D programmes with prominent pharmaceutical companies, as well as distinguished universities and research institutions in China and abroad, including Columbia University, Peking University and China Pharmaceutical University. Pursuant to our collaboration agreements, the intellectual property rights arising from the collaboration process belong to us.

We believe our collaborative research relationships with industry experts, pharmaceutical companies and research institutions complement our internal R&D capabilities and add significant value to our drug development programmes. We intend to continue to engage in similar cooperations going forward to complement or internal R&D initiatives.

For the years ended 31 December 2018 and 2019, our R&D costs were RMB93.2 million and RMB214.0 million, respectively. Please refer to "Financial Information – Description of Selected Components of Consolidated Statements of Comprehensive Income – R&D Costs" of this prospectus for further details of our R&D costs.

COMMERCIALISATION

Our preparation for commercialisation in the near-term will be focused on the targeted launch of Proxalutamide in China for mCRPC on the assumption that we obtain NDA approval.

Proxalutamide

Manufacturing Plan

We acquired a parcel of land for industrial use with a site area of 19,998.42 sq.m. in Suzhou, on which we plan to build our own manufacturing facilities for the manufacture of Proxalutamide for its commercial sale, as well as other drug candidates for their clinical use or future commercial sale. We expect our facility in Suzhou to initially consist of a tablet production line for Proxalutamide with an expected production capacity of approximately 4.0 million tablets per annum. We also expect to expand our product lines to tincture. We commenced construction of our facility in Suzhou in October 2018. We expect it will be ready for GMP manufacturing in the third quarter of 2020, following which we will gradually shift our production of Proxalutamide from the CMO to our own manufacturing facility.

We have also signed an agreement with the government of Pinghu, Zhejiang in May 2019 and expect to purchase a parcel of land with an area of 60 mu in Pinghu, Zhejiang for the establishment of manufacturing facilities for APIs in connection with our manufacture of Proxalutamide and Pyrilutamide (the "**Pinghu Investment Agreement**"). Under the Pinghu Investment Agreement, the designed annual production capacity for the production facilities in Pinghu is 6.0 million bottles of Pyrilutamide preparations and its APIs and 2.5 million tablets of Proxalutamide and its APIs. We are required to achieve the designed production capacity within three years after obtaining the GMP certificate and the drug manufacturing certificate. We are also required to commence the construction of the facilities within six months and complete the construction within 24 months after obtaining the land use right certificate. As of the Latest Practicable Date, we have not obtained the land use right certificate for our manufacturing facilities in Pinghu and we expect to obtain the land use right certificate around mid-2020. The government of Pinghu, Zhejiang has the right to buy back the land at the original price of RMB21.6 million if we fail to adhere to the timetable for commencement and completion of the construction. The government of Pinghu, Zhejiang is responsible for assisting us in obtaining the GMP certificate, the drug manufacturing certificate and the drug approval number, provided that we are able to satisfy the relevant requirements. We have established a manufacturing division to manage the establishment of our own manufacturing facilities. We expect the construction of our manufacturing facilities in Pinghu will commence by the end of 2020 or the first quarter of 2021 and we expect our manufacturing facilities in Pinghu will be ready for GMP manufacturing in the third quarter of 2023 and will be primarily used for the manufacturing of Proxalutamide and Pyrilutamide.

The expected total cost for our manufacturing facilities in Suzhou and Pinghu are set forth in the table below:

	Expected total cost for our manufacturing facilities in Suzhou *(RMB'million)*	**Expected total cost for our manufacturing facilities in Pinghu** *(RMB'million)*
Cost of Construction	134.7	156.5
Cost of Land Acquisition	9.6	21.6
Cost of Equipment, Renovation and Others	54.7	93.0
Cost of Labour	20.1	23.7
Total	219.1	294.8
Amount paid as of 31 March 2020	94.4	N/A
Amount to be paid after 31 March 2020	124.7	294.8
Portion to be funded after the Global Offering by net proceeds from the Global Offering assuming an Offer Price of HK$18.98 per Share	63.8	173.2
Portion to be funded by internal resources	60.9	121.6

In order to ensure Proxalutamide's speed-to-market if we obtain its NDA approval, we have also obtained an MAH approval from the NMPA that enables us to engage CMOs for the commercial production of Proxalutamide prior to completion of our own manufacturing facilities. We were the first to take advantage of the MAH system piloted in Jiangsu Province in respect of a clinical-stage novel drug. We have engaged a CMO for the manufacturing of Proxalutamide for clinical purposes, and we intend to continue the engagement of CMO under our MAH approval until our own manufacturing facilities are GMP ready in the third quarter of 2020, which provides us with the flexibility to rapidly commence drug manufacturing if we receive NDA approval for Proxalutamide. We expect to establish an in-house manufacturing team with extensive industry experience led by the responsible person of our manufacturing department who has more than 13 years of experience in quality management and project management in the pharmaceutical industry.

Please refer to "Future Plans and Use of Proceeds" for further details of our use of proceeds from the Global Offering in connection with our manufacturing.

Pre-launch Market Education

We believe minimal additional product education will be required to gain wide clinical acceptance amongst leading oncologists and achieve market penetration because second generation AR antagonists are a well-researched class of drug and Proxalutamide is an innovative second generation AR antagonist with the same mechanism of action as Enzalutamide.

Moreover, our clinical trials for Proxalutamide in China have covered patients in 48 hospitals with prostate cancer specialists, which we believe has built a strong foundation for our pre-launch market education. We have established a network of highly influential PIs for our clinical trials, who are influential KOLs and regularly share their views or the outcomes from the clinical trials with other physicians and participants at various academic conferences,

seminars and symposiums. We believe that these views on Proxalutamide help lend additional credibility to our future marketing and promotion efforts, thereby significantly improving the market acceptance of Proxalutamide.

Sales and Marketing Plan

We plan to conduct the sales and marketing of Proxalutamide in China primarily using our internal sales and marketing team. Mr. Mingming Yan, who has significant experience in marketing prostate cancer drugs in China joined our Group to lead our sales and marketing team as the vice president of sales. Mr. Mingming Yan also has first-hand experience in building a brand new sales team at a major pharmaceutical company in China, which we believe will assist us with establishing our own sales and marketing function efficiently and effectively. We have started recruiting a sales and marketing team which is expected to consist of over 100 personnel.

If we receive NDA approval for Proxalutamide in the United States, we plan to seek strategic cooperation with global leading pharmaceutical companies and local distribution partners in connection with the sales and marketing of Proxalutamide.

Pricing and Reimbursement Plan

In line with industry practice, we expect to establish pricing policies for our drug candidates after obtaining NDA approvals. We plan to set the prices to our distributors with reference to the prices of our competitors' products, manufacturing costs and retail prices to end customers, among other factors. We plan to seek the listing of our drugs that are approved for marketing in China on the National Reimbursement Drug List, which is expected to make our drugs more affordable to patients across China and increase the demand for our drugs for which we obtain marketing approvals.

Our clinical and pre-clinical research on Proxalutamide for prostate cancer has been recognised as a Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創製"科技重大專項) in 2011 and 2017, respectively. Proxalutamide was classified as a key designated project and a key category of drug subject to special review process in 2015. We expect Proxalutamide to be classified as a Category 1 drug upon its NDA approval. We believe these favourable designations will well position us in our effort to obtain reimbursement status for Proxalutamide. As we progress our commercialisation development, we plan to formulate more detailed market access strategy and engage in policy discussions with relevant government authorities in connection with listing our drugs on the National Reimbursement Drug List. We also plan to engage in discussions with commercial medical insurance providers to explore insurance plans that provide reimbursement for Proxalutamide, which we will believe will further enhance patients' acceptance of the drug.

Pyrilutamide

We plan to conduct the sales and marketing of Pyrilutamide primarily using our internal sales and marketing team, and we expect to commence recruiting sales and marketing personnel when we approach receiving NDA approval. We expect to collaborate with major distributors in China as well as online pharmacies for the distribution of Pyrilutamide, which we believe will enable us to tap into the large population with androgenetic alopecia through a combination of online and offline distribution channels. We signed a letter of intent on strategic collaboration with Sinopharm Holding Distribution Centre Co., Ltd. (國藥控股分銷中

心有限公司) for our sales and distribution of Pyrilutamide in March 2020 and expect to enter into relevant binding agreements in due course. We plan to use our own manufacturing facilities in Pinghu and Suzhou for the manufacture of APIs and final products for Pyrilutamide.

CONTRACT MANUFACTURING

As of the Latest Practicable Date, we did not have in-house manufacturing facilities. During the Track Record Period, we engaged third party CMOs for the manufacture of Proxalutamide in finished dosage form and its APIs for clinical use.

Our CMOs are typically GMP certified pharmaceutical companies that are engaged in drug research, production and marketing. We generally have a relationship with our CMOs for more than two years. Our selection of CMOs was based on various factors, including its operating history, market reputation, quality management system, GMP certification, research capability, production capacity, location, reliability in meeting delivery schedules and pricing.

Under our CMO agreements, we purchase APIs and other raw materials for Proxalutamide and our CMOs are responsible for manufacturing Proxalutamide in finished dosage form pursuant to GMP certification requirements as well as formulation and technology agreed between our CMOs and us. We select the manufacturers for our APIs and other raw materials, who deliver them directly to our CMOs after obtaining our authorisation. We conduct inspections together with our API manufacturer before the APIs leave their manufacturing facilities, and our CMO who receives the APIs conducts inspections before the APIs enter into their manufacturing facilities. We normally pay our CMOs an upfront payment and milestone payments based on the progress of the manufacturing. Our CMOs generally provides us with a credit term ranging from two weeks to one month. Pursuant to our CMO agreements, we are the owner of the intellectual property rights to the products manufactured by our CMOs. Our CMO agreement for the production of Proxalutamide in finished dosage form remains effective until NMPA grants a drug production approval number for Proxalutamide.

While we generally do not enter into long term agreements with our CMOs, we entered into a long term technology development agreement with CMAB Biopharma (Suzhou) Inc., an independent third party, in August 2019. Please refer to "– Our Pipeline of Drug Candidates – Our Clinical Stage Drug Candidates – ALK-1 – Near-term Plans" for further details.

Our CMOs are required to comply with GMP or comparable quality standards. We review their certifications and other supporting documents in relation to their capabilities and production process. We inspect their manufacturing facilities prior to confirming our engagement and we hire third party audit firms to assist us with checking the CMOs' qualifications and credentials. Our quality assurance personnel conducts onsite visits to their manufacturing facilities for every batch of production. For each clinical project, we designate a project manager who is responsible for supervising the manufacturing process in connection with the relevant clinical project. We generally meet with our CMOs every two weeks to discuss any potential issues. Our CMOs is required to fully cooperate with our requests in the manufacturing process. We also re-examine the quality of finished products and arrange for delivery to hospitals for clinical trials.

All of our CMOs during the Track Record Period are independent third parties. During the Track Record Period, we did not experience any product quality issues in respect of the products manufactured by our CMOs. We believe alternative CMOs meeting our quality standards at comparable prices are available.

SUPPLIERS AND RAW MATERIALS

During the Track Record Period, our suppliers primarily consisted of (i) CROs and CMOs; (ii) licensors from which we obtained intangible assets in respect of our licensed-in drug candidates; (iii) construction contractors for our Suzhou manufacturing facilities; and (iv) suppliers of raw materials and other materials for R&D use.

For the years ended 31 December 2018 and 2019, our purchases from our five largest suppliers were RMB49.6 million and RMB146.7 million, respectively, accounting for approximately 54.8% and 51.8%, of our total purchases for the respective period. Our purchases from our largest supplier, were RMB21.4 million and RMB42.0 million, respectively, accounting for approximately 23.6% and 14.8%, of our total purchases for the respective period.

The tables below set forth our top five suppliers for each year during the Track Record Period:

	For the year ended 31 December 2018					
Name of Supplier	Purchase amount (RMB'000)	Main products/services provided to our Group	Length of suppliers' relationship with our Group	Credit terms offered by suppliers	% of total purchase amount	Principal business of suppliers
Company F	21,384	Licence, materials and patent maintenance service	2018 to present	30 days	23.6	Manufacture and sale of biopharmaceutical products
Company E	12,731	Clinical research service	2015 to present	15 days	14.1	Healthcare research, development and consulting services
Company A	7,195	Clinical research service	2015 to present	30 days	8.0	Contract Research Organization service to pharmaceutical companies and biotech companies
Company G	4,362	Clinical research service	2017 to present	15 days	4.8	Technology development, transfer and consulting, technical services, as well as import and export of goods and technology
Company B	3,887	Clinical research service, bulk drugs and reagents	2014 to present	5-15 days	4.3	Technological research and development and sale of pharmaceutical intermediates and raw materials and technical consulting services

	For the year ended 31 December 2019					
Name of Supplier	Purchase (RMB'000)	Main products/services provided to our Group	Length of suppliers' relationship with our Group	Credit terms offered by suppliers	% of total purchase amount	Principal business of suppliers
Company H	41,971	Construction	2018 to present	15 days	14.8	House and classical garden building, municipal engineering, water and electricity installation, building decoration and decoration engineering, design and construction
Company J	40,500	Construction	2019 to present	15 days	14.3	Electrical and mechanical installation engineering, building decoration engineering, mechanical and electrical equipment installation engineering, fire protection facilities engineering
Company E	24,312	Clinical research service	2015 to present	15 days	8.6	Healthcare research, development and consulting services
Company I	23,202	Clinical research service	2019 to present	30 days	8.2	Clinical development, commercialisation and consulting services
Company K	16,693	Medical materials	2018 to present	15 days	5.9	Pharmaceutical research services; drug research and development; medical technology promotion services; medical technology consulting and communication services; retail of medical supplies and equipment

We have established an average of more than three years of relationship with our five largest suppliers. None of our Directors, their respective close associates and any Shareholder who, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company have any interest in any of our top five suppliers.

Please refer to "– Research and Development – Outsourced R&D Activities" above for further details of our contractual arrangement with CROs and "– Contract Manufacturing" above for further details of our contractual arrangement with CMOs.

We carefully select our suppliers of raw materials and other materials based on various factors, including their operating history, market reputation, quality management system, production capacity, location, reliability in meeting delivery schedules and pricing. We generally enter into agreements with our suppliers on an annual basis. The purchase price of our supplies of materials is primarily based on the quoted price, quality and capability of the

relevant suppliers. Our suppliers generally grant us credit terms of not more than 30 days. During the Track Record Period, we did no experience any significant fluctuations in raw material prices or delays that had a material impact on our results of operations or financial position.

The raw materials for our drug candidates to be used in clinical trials as well as materials for our laboratory use are generally readily available in the market through many suppliers. We believe we have alternative sources of suppliers who that can provide us with substitutes with comparable quality and prices. We have not experienced significant difficulties in maintaining reliable sources of supplies and expect to be able to maintain adequate sources of quality supplies in the future.

QUALITY MANAGEMENT

We have adopted a series of quality assurance procedures to manage our sourcing from suppliers, including our CMOs. Please refer to "– Contract Manufacturing" above for further details of our quality management procedures in relation to our use CMOs. We have standard operating procedures in respect of the transfer of materials and the training of personnel, among other things. We review all relevant documentation provided by our suppliers, conduct regular audits, inspect the quality of the APIs and raw materials and conduct on-site visits to our CMOs' facilities to monitor each manufacturing process to ensure they satisfy our requirements. We also expect to set up quality management systems and policies by the end of 2020 in relation to GMP manufacturing in anticipation of our commercialisation of drug candidates.

INVENTORY MANAGEMENT

As we currently focus on the development of our drug candidates and do not conduct manufacturing activities, we do not maintain any significant inventories. We plan to establish an inventory management system after we commence manufacturing activities in-house.

OUR REVENUE DURING THE TRACK RECORD PERIOD

During the Track Record Period, we generated limited revenue primarily from the provision of technology services to Suzhou Koshine in relation to the pre-clinical development of KX-826 prior to our acquisition of Suzhou Koshine in November 2018. We also generated a revenue of RMB9,000 from an independent third party in 2018 for the provision of technology services on an *ad hoc* basis. For the years ended 31 December 2018 and 2019, our revenue was RMB0.7 million and nil, respectively. We intend to focus our R&D resources on the development of our own drug candidates, and we do not expect to generate significant revenue from technology services going forward. For 2018, our revenue from our largest customer was approximately RMB0.7 million, representing 98.7% of our total revenue for the year.

We had two customers during the Track Record Period – Suzhou Koshine, in which our Controlling Shareholders had 54% equity interest pursuant to the Koshine Entrustment Arrangements, as well as an independent third party. None of our Directors, their respective close associates and any Shareholder who, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company have any interest in any of our customers, except for Suzhou Koshine, during the Track Record Period.

INTELLECTUAL PROPERTY RIGHTS

Our success depends in part on our ability to obtain and maintain patent and other proprietary protection for our compounds, technologies, inventions and improvements related to our drug candidates, as well as on our ability to defend and enforce our intellectual property rights including any patent that we have or may obtain in the future.

As of 31 December 2019, we had been granted eight patents in the PRC and 33 patents overseas, six pending patent applications in the PRC and 15 pending patent applications overseas. We also had 11 registered trademarks in the PRC, four registered trademarks in Hong Kong and two registered domain names. Please refer to Appendix V to this prospectus for further details of our intellectual property rights.

We consider filing patent applications on a case-by-case basis with a view to protecting our innovative compounds, processes and methods of uses. The patent portfolios for our drug candidates as of the Latest Practicable Date are summarised below.

Proxalutamide (GT0918)

We had been granted 20 patents relating to Proxalutamide's compound, synthetic methods and uses in the PRC, the United States, Japan, South Korea, South Africa, Germany, France, the United Kingdom, Denmark, Ireland, Italy, Luxembourg, the Netherlands, Poland, Sweden, Australia, Canada, Russia and Macao. All these patents are scheduled to expire in 2030 and 2032, respectively. We have one pending patent application in the PRC and one pending patent application in Brazil related to Proxalutamide. The patents from the currently pending patent applications in the PRC and Brazil, if granted, would be scheduled to expire in 2032 and 2035, respectively.

Pyrilutamide (KX-826)

We have been granted 12 patents relating to KX-826's synthetic methods and uses in the PRC, the United States, Japan, South Korea, South Africa, Switzerland, Germany, France, the United Kingdom, Canada and Macao which are scheduled to expire in 2030.

ALK-1 (GT90001)

Pursuant to the Pfizer Licence Agreement, the patent rights licensed by Pfizer to us consisted of patent rights in relation to ALK-1 in 115 countries and regions around the world set out in the Pfizer Licence Agreement. These patents were expected to expire between 2026 and 2037. Under the Pfizer Licence Agreement, Pfizer had granted us a world-wide, exclusive licence under patents and know-how owned by Pfizer to use, develop, manufacture and commercialise the monoclonal ALK-1 designated by Pfizer. Pfizer and we retained all rights, title and interests in and to any intellectual property rights that are owned, licensed or sublicensed by Pfizer or us prior to or independent of the Pfizer Licence Agreement.

Detorsertib (GT0486)

We had one pending patent application in the PRC and seven patent applications overseas relating to mTOR kinase inhibitor's compound. The patents from these currently pending patent applications, if granted, would be scheduled to expire in 2037.

GT1708F (Hedgehog)

We had been granted four patents in the PRC and five patents in the United States, Germany, France, the United Kingdom and Australia relating to Hedgehog's compound, which were expected to expire between 2033, 2034 and 2037. We had one pending patent application in the PRC and six patent applications overseas relating to Hedgehog as of the Latest Practicable Date. The patents from the currently pending patent applications, if granted, would be scheduled to expire in 2037.

We also rely on trade secrets and know-how to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. We seek to protect our trade secrets and know-how, in part, by executing confidentiality agreements with our collaborators, scientific advisors, employees, consultants and other third parties.

During the Track Record Period, we were not sued on the basis of and did not undergo any arbitration in respect of, nor did we receive any notification from third parties claiming infringement of, any intellectual property. Further, we were not the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of infringement of any intellectual property of third parties during the Track Record Period. However, we are still subject to risks relating intellectual property rights. Please refer to "Risk Factors – Risks Relating to Our Intellectual Property Rights" for further details of risks relating to intellectual property rights.

COMPETITION

The development and commercialisation of innovative drugs is highly competitive. While we believe that our R&D experience, scientific knowledge and in-depth understanding of the industry provide us with competitive advantages, we face competition from global and China-based pharmaceutical and biotechnology companies, in particular companies currently marketing products or expected to be marketing products that compete or may compete directly with our drug candidates. There are a number of large pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs for indications for which we are developing our drug candidates. Some of these competitive drugs and therapies are based on scientific approaches that are similar to ours and others are based on entirely different approaches.

Many of our competitors have significantly greater financial, technical and human resources than we have. Mergers and acquisitions in the biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also become significant competitors, particularly through collaborative arrangements with large and established companies. Our commercial opportunity could be reduced or eliminated if our competitors develop or market products or other novel therapies that are more effective, safer or less costly than our current or future drug candidates, or obtain regulatory approvals or market penetration for their products more rapidly than we do for our drug candidates. We believe our success will be based in part on our ability to identify, develop and manage a portfolio of drug candidates that are safer and more effective than competing products and our ability to commercialise these products.

Please refer to descriptions on "Market Opportunity and Competition" under each of our clinical-stage drug candidates for details of our major competitors for each drug candidate.

LAND AND PROPERTIES

As of 31 December 2019, we owned one parcel of land for industrial use with a site area of 19,998.42 sq.m. in Suzhou, Jiangsu Province. We are in the process of building our own manufacturing facilities on this land. As of the Latest Practicable Date, we had construction-in-progress in respect of our Suzhou manufacturing facilities in an area of 16,580.96 sq.m.. All of these properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Please refer to "Appendix III – Property Valuation" to this prospectus for a valuation report of our owned properties prepared by Vigers.

As of 31 December 2019, we leased nine properties in the PRC, Hong Kong and the United States with a total gross floor area of 4,108 sq.m, which were primarily used for our administrative and R&D functions. The table below sets forth the properties leased by us:

Location	Gross floor area	Lease term
Unit 401, Block C4, Bio-Nano Park, No. 218 Xing Hu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	1,066 sq.m.	1 October 2018 to 30 September 2021
Unit 505, Block B1, Bio-Nano Park, No. 218 Xing Hu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC*Note 1*	350 sq.m.	19 December 2019 to 18 December 2020
Room 503, Block B1, Bio-Nano Park, No. 218 Xing Hu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	350 sq.m.	10 October 2017 to 09 November 2020
Unit 322, Block A2, Bio-Nano Park, No. 218 Xing Hu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	263 sq.m.	1 October 2018 to 31 October 2021
Unit 207-208, Block A2, Bio-Nano Park, No. 218 Xing Hu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	560 sq.m.	1 October 2018 to 31 October 2021
Unit 808-809, Block 2, Xinglian Ke Yan Building, No. 1535 Hong Mei Road, Shanghai, PRC	400 sq.m.	20 September 2018 to 19 September 2021
Floor 2, Block 8, Chang'an Road East, Wujiang Economic and Technological Development Zone, Suzhou, Jiangsu Province, PRC*Note 2*	945 sq.m.	1 January 2019 to 31 December 2019
Suite 2007, 20th Floor Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong	1,761 sq.ft.	14 January 2019 to 13 January 2022
1011 Hamilton Rd, Chapel Hill, NC 27517, United States	12.34 sq.m.	1 March 2020 to 28 February 2021

Notes:

1. On 19 December 2019, the lease term for this property was extended to end on 18 December 2020.

2. This property has been used by Suzhou Koshine as its office. As we acquired control of Suzhou Koshine in November 2018, the lease of this property will not be renewed after its expiration and Suzhou Koshine will be sharing our other leased properties.

Our owned property was not subject to any encumbrance, mortgage, lien or pledge as of 31 December 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Please see the section headed "Risk Factors" for a discussion of various risks and uncertainties we face. We are also exposed to certain market risks, such as foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. Please see the section headed "Financial Information – Financial Risks – Market Risks" for further details. We have established risk management systems consisting of policies and procedures that we consider appropriate for our business operations.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted, among other things, the following risk management measures:

- We have formed an audit committee comprising a majority of our independent non-executive Directors as part of our measures to improve corporate governance. For the qualification and experience of the members of our audit committee, please see the section headed "Directors and Senior Management". Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and supervising the financial reporting process and internal control system of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Directors;

- Our Chief Executive Officer, Dr. Tong, is responsible for (i) formulating and updating our risk management policy; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our Group; and (viii) reporting to our audit committee on our material risks;

- The relevant departments in our Company, including the finance department, the administration department and the quality department, are responsible for implementing our risk management policies and carrying out our day-to-day management practice;

- We have adopted policies to ensure compliance with the Listing Rules, including aspects related to risk management, connected transactions, information disclosure and corporate governance; and

- We plan to provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations.

Investment Risk Management

We have purchased short-term investment products offered by major commercial banks. Following the Listing, we intend to engage in invest surplus cash on hand in accordance with our investment policy approved by our Board (the "**Investment Policy**"). The primary objective of our Investment Policy is capital preservation, while aligning the duration and currency of our investments with the timing and currency of our expected expenditures. We expect to hold our investments of surplus cash primarily in short-term deposits and principal guaranteed investment products with highly rated banks.

Our Investment Policy imposes various limitations on our investment portfolio to mitigate risk to our capital preservation objective, including requirements as to the investment rating of our counterparties and limitations on our exposure to a single financial institution. Our Chief Financial Officer makes our investment decisions on a case-by-case basis pursuant to the terms of our Investment Policy, subject to the approval of our Chief Executive Officer in respect of investments in excess of HK$30 million. Our Chief Financial Officer is also responsible for managing our investments to adhere to our Investment Policy, analysing our quarterly liquidity and currency requirements to align our cash flow needs with our investments and providing cash flow and investment reports to our Board of Directors. Our Chief Financial Officer may delegate administration of our investments, but not investment authority, to members of our finance team that have been made aware and agreed to comply with our Investment Policy.

We believe that our internal investment policies and related risk management mechanism are adequate.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for efficient operations, reliable financial reporting and compliance with applicable laws and regulations. We plan to provide our Directors, senior management and relevant employees with continuing training programmes or updates regarding relevant laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

LEGAL AND COMPLIANCE

Licences and Permits

We are required to obtain and renew certain licences, permits and approvals for our business operations in various jurisdictions. Please refer to "Regulations" for further details of the licensing requirements applicable to our business. As advised by our PRC counsel, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our business, and all such licences, permits and approvals were within their respective effective periods. We had not experienced any material difficulty in renewing such certificates, permits and licences during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. During the Track Record Period and up to the Latest Practicable Date, we had not been penalised by any government authorities for any non-compliance relating to maintenance and renewal of our material licences, permits and approvals.

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or administrative proceedings of material importance and no litigation, claim or administrative proceedings of material importance was known to our Directors to be pending or threatened against any member of the Group. As confirmed by our PRC legal advisers, we complied in all material respects with all applicable laws and regulations in the PRC during the Track Record Period.

EMPLOYEES

As of 31 December 2019, we had 145 full-time employees, among whom, 141 were based in China, three were based in the United States, and one was based in Hong Kong. The table below sets forth a breakdown of our total number of employees by function as of 31 December 2018 and 2019:

	As of 31 December			
	2018		2019	
	Number of employees	*%*	*Number of employees*	*%*
Core management	7	8.6%	13	9.0
Clinical division	18	22.2%	27	18.6
Chemistry department	15	18.5%	15	10.3
Biology department	10	12.4%	13	9.0
Administration department	10	12.4%	13	9.0
Product research division	13	16.1%	12	8.3
Manufacturing division	6	7.4%	19	13.1
Finance department	4	4.9%	7	4.8
Quality department	2	2.5%	3	2.1
Pharmacokinetics department	–	–	4	2.8
Project management department	–	–	6	4.1
Registration department	–	–	4	2.8
Business development department	–	–	7	4.8
Antibody department	–	–	2	1.3
Total	81	100.0%	145	100.0%

Note: We restructured our various R&D-related departments in 2019 and added a number of new departments in line with our clinical development and business needs.

We have maintained a stable workforce since our inception, and we believe that our success depends in part on our ability to attract, recruit and retain quality employees. As of 31 December 2019, 64 of our employees had Ph.D. or Master's degrees, and 135 of our employees had bachelor's degrees or above. We recruit our employees based on a number of factors, including their educational background, relevant work experience, communication skills, teamwork spirit and our needs due to vacancies. To maintain the quality, knowledge and skill levels of our workforce, we provide our employees with periodic training, including orientation training for new employees, departmental technical training, as well as other internal and external professional training, including GCP training.

We enter into individual employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We generally formulate our employees' remuneration package to include basic salary, position-specific salary, performance-based remuneration, project-based remuneration and various allowances. We conduct periodic performance reviews for our employees. We have also adopted the Employee Incentive Scheme to retain and incentivise our key management and technical staff. Please refer to Appendix V to this prospectus for further details of the Employee Incentive Scheme.

We separately enter into confidentiality agreements with all our employees which provide that all relevant intellectual properties developed by our staff during their employment with us become our intellectual properties and are treated as trade secrets, and that our employees are refrained from disclosing any trade secrets to third parties. We also enter into non-competition agreements with selected employees.

Our employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. We believe that we maintain a good working relationship with our employees and we did not experience any significant labour disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

In accordance with applicable regulations in the PRC, we participate in a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work injury insurance plan and a maternity insurance plan for our employees. We have made adequate provisions in accordance with applicable regulations. We also make annual contributions towards a housing fund, a supplemental medical insurance fund and a maternity fund.

Our Directors and PRC legal advisers confirmed that we had complied with applicable employment laws and regulations in all material respects and there had been no outstanding material labour related legal proceedings or disputes against us as of the Latest Practicable Date.

INSURANCE

We maintain clinical trial insurance covering us against liability or compensation in respect of injury to any trial participant caused by or arising out of participation in our clinical trials. We do not maintain key-man insurance for any key executives or senior management or business disruption insurance. While our Directors are of the view that our current insurance coverage is in line with industry practice and is adequate for our current operations, it may be insufficient to cover all potential claims that may arise in our business. Please refer to "Risk Factors – Other Risks Relating to Our Operations – We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources." for further details of risks relating to our current insurance coverage.

HEALTH AND OCCUPATIONAL SAFETY

We are subject to various PRC laws and regulations in respect of health and occupational safety. We have adopted and maintained a series of rules, standard operating procedures and measures to maintain a healthy and safe environment for our employees. We require new employees to participate in safety training to familiarise themselves with the relevant safety rules and procedures. Our laboratories use a small amount of poisonable reagents, which mainly include acetone, diethyl ether, hydrochloric acid and potassium permanganate. We have registered with competent local public security bureau in respect of these materials prior to our purchases. We provide regular health check-ups for all employees and additional occupational health check-ups for employees who may be in contact with potentially toxic substances. As

of the Latest Practicable Date, we had not experienced any material accidents in the course of our operation and our Directors were not aware of any claims for personal or property damages in connection with health and occupational safety.

ENVIRONMENTAL MATTERS

The main pollutants generated during our R&D process include liquid waste and solid waste. We have entered into joint hazardous waste disposal agreements with other independent third party biotech companies which have engaged qualified hazardous waste treatment companies for the treatment, transportation and disposal of hazardous waste. We also plan to establish waste water treatment facilities and other facilities relating to environmental protection to comply with GMP-certification requirements for our own manufacturing process. During the Track Record Period, we did not incur material cost of compliance with applicable environmental rules and regulations. We expect that our cost of compliance with applicable environmental rules and regulations will increase notably after we commence our own production of drugs. We believe we have maintained good relationship with the communities surrounding us.

Our PRC legal advisers confirmed that as of the Latest Practicable Date, we had fully complied with all applicable laws and regulations relating to environmental requirements in all material respects, and that we had not been penalised for any violation of applicable environmental laws or regulations. As of the Latest Practicable Date, there was no claim, administrative penalty or other kind of proceedings in respect of environmental protection made against us.

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the representative awards and recognitions we and our management received.

Award/Recognition	Project	Award Year	Awarding Authority
China Financial Market Awards 2019 – Outstanding Biomedical Enterprise Award (2019年中國融資大獎卓越生物醫藥企業大獎)	–	2019	China Financial Market (《中國融資》雜誌)
2019 China's Top 50 Medical Health Innovation Enterprises (2019中國醫療大健康創新企業50強)	–	2019	CYZone and CYZone Research Centre (創業邦及創業邦研究中心)
2019 Venture 50 (中國最具投資價值企業50強)	–	2019	Zero2IPO Group (清科集團) and PEdaily.cn (投資界)
Potential Unicorn Enterprise (潛在獨角獸企業)	–	2019	Construction Promotion Services Centre of the South Jiangsu National Innovation Demonstration Zone of Jiangsu Province (江蘇省蘇南國家自主創新示範區建設促進服務中心)
Suzhou 2019 11th Batch Science and Technology Development Plan (Major Innovation Team) Project (蘇州市2019年第十一批科技發展計劃(重大創新團隊)項目)	The global clinical trials and commercialisation of new AR antagonist (Proxalutamide and Pyrilutamide)	2019	Suzhou Science and Technology Bureau (蘇州市科學技術局) and Suzhou Finance Bureau (蘇州市財政局)
Developing Unicorn Enterprise (獨角獸培育企業)[(1)]	–	2018	Suzhou Industrial Park

Award/Recognition	Project	Award Year	Awarding Authority
Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創製"科技重大專項)	(ALK-1) Clinical research on class 1.1 new drug for cancer	2018	National Health and Family Planning Commission Medical and Health Science and Technology Development Research Centre (國家衛生計生委醫藥衛生科技發展研究中心)
Developing Unicorn Enterprise in Suzhou in 2018 (2018年度蘇州市獨角獸培育企業)	–	2018	Office of People's Government of Suzhou City (蘇州市人民政府辦公室)
Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創製"科技重大專項)	(Proxalutamide) Clinical research on class 1.1 new drug for prostate cancer and breast cancer	2017	National Health and Family Planning Commission Medical and Health Science and Technology Development Research Centre (國家衛生計生委醫藥衛生科技發展研究中心)
Jiangsu Natural Science Foundation (Youth Science and Technology Talents Specialities) (江蘇省自然科學基金(青年科技人才專項資金))	Research on a novel anti-Claudin 18.2 therapeutic candidate peptide vaccine	2017	Jiangsu Provincial Science and Technology Department and Jiangsu Provincial Finance Department (江蘇省科學技術廳及江蘇省財政廳)
Suzhou Science and Technology Plan – Gusu Innovative and Entrepreneurial Leading Talents Specialities (蘇州市科技計劃–姑蘇創新創業領軍人才專項)	(Proxalutamide) Clinical research and commercialisation of the new drug for cancer	2015	Suzhou Science and Technology Bureau (蘇州市科學技術局)
Jiangsu Science and Technology Support Plan (Social Development) (江蘇省科技支撐計劃(社會發展))	Pre-clinical research on new class 1 new drug for prostate cancer (GT0824)	2014	Jiangsu Provincial Science and Technology Department (江蘇省科學技術廳)
Suzhou Science and Technology Plan (Medical Devices and New Drug Specialities) (蘇州市科技計劃(醫療器械與新醫藥專項))	(Proxalutamide) Pre-clinical research on new class 1.1 new drug for prostate cancer	2012	Suzhou Science and Technology Bureau and Suzhou Industrial Park Finance Bureau (蘇州市科學技術局及蘇州工業園區財政局)
Technological Small and Medium Enterprises Technology Innovation Fund (科技型中小企業技術創新基金)	(mTOR inhibitor) R&D of class 1.1 new drug with PI3K/mTOR target for cancer	2012	Ministry of Science and Technology Science and Technology SME Technology Innovation Fund Management Center (科學技術部科技型中小企業技術創新基金管理中心)
Science and Technology Major Project for "Major New Drugs Innovation and Development" ("重大新藥創製"科技重大專項)	(Proxalutamide) Pre-clinical research on new class 1.1 new drug for prostate cancer	2011	Science and Technology Major Project for "Major New Drugs Innovation and Development" Implementation Management Office ("重大新藥創製"科技重大專項實施管理辦公室)

Note:

(1) We enjoy a series of favourable policies implemented by the Suzhou Industrial Park to support "Developing Unicorn Enterprises", including policies to:

- increase R&D subsidies to an amount that may exceed the previously stipulated annual cap of RMB7.0 million per enterprise;
- award each national key project and national key R&D initiative undertaken by an enterprise with 20% of the project establishment budget (up to RMB5.0 million per project), following filing with the Suzhou Industrial Park;

- purchase, as a priority, innovative products and services that have been released by an enterprise to the market for the first time;
- demonstrate these enterprises' initial projects in Suzhou Industrial Park and to provide subsidies of 30% of the cost (up to RMB2.0 million per enterprise);
- establish a "Designated Unicorn Enterprise Project Investment Fund" of RMB3.0 billion;
- provide up to RMB200.0 million of loans to each enterprise;
- award up to RMB5.0 million to an enterprise that has successfully completed a listing;
- provide patent application subsidies which may exceed the previously stipulated annual cap of RMB5.0 million per enterprise; and
- guarantee the supply of land to enterprises in need.

You should read the following discussion in conjunction with the consolidated financial statements of our Group included in the Accountant's Report and the notes thereto included in Appendix I to this prospectus, and the selected historical financial information and operating data included elsewhere in this prospectus. The consolidated financial statements of our Group have been prepared in accordance with IFRS.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set out in "Forward-looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are a clinical-stage novel drug developer in China focused on the proprietary R&D of potential first-in-class and best-in-class drugs for cancers and other AR-related diseases. Our lead drug candidate, Proxalutamide, is a potential best-in-class drug undergoing phase III clinical trials in China and phase II clinical trials in the United States for mCRPC as well as clinical trials for breast cancer. Our mission is to become a global leader in the research, development and commercialisation of innovative therapies, focusing on indications with substantial unmet medical needs, in particular in the AR-related field.

We currently have no drugs approved for commercial sale and have not generated any revenue from drug sales. We have never been profitable and have incurred operating losses in each year since our inception. Our operating losses were RMB104.5 million and RMB228.7 million for the years ended 31 December 2018 and 2019, respectively. Substantially all of our operating losses resulted from R&D costs and administrative expenses.

We expect to incur significant expenses and operating losses for at least the next several years as we further our pre-clinical R&D initiatives, continue the clinical development of, and seek regulatory approvals for, our drug candidates, launch commercialisation of our products if any of them receives regulatory approvals, and add personnel necessary to operate our business. Subsequent to the Listing, we also expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timeline and commercialisation of our drug candidates if they receive approvals.

BASIS OF PRESENTATION

Immediately prior to the Reorganisation, our Group's business was mainly conducted through Suzhou Kintor and its subsidiaries. Pursuant to the Reorganisation, Suzhou Kintor was transferred to and became indirectly held by our Company. Our Company has not been involved in any other business prior to the Reorganisation that met the definition of a business. The Reorganisation (except for the acquisition of Suzhou Koshine which is accounted for as a business combination as detailed in Note 32 to the Accountant's Report as set out in Appendix I to this prospectus) is merely a reorganisation of Suzhou Kintor with no change in management and the ultimate owners of our Group remain the same. Accordingly, our Group resulting from the reorganisation (except for the acquisition of Suzhou Koshine) is regarded as a continuation of the business held under Suzhou Kintor and, for the purpose of this prospectus, the historical financial information of our Group for the Track Record Period has been prepared

and presented as a continuation of the consolidated financial statements of Suzhou Kintor and its subsidiaries, with the assets and liabilities of our Group recognised and measured at the carrying amounts under the consolidated financial statements of Suzhou Kintor for all periods presented.

Suzhou Koshine was acquired from related parties in 2018 and is included in the historical financial information of our Group from the date when it came under our control.

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 1 January 2019, together with the relevant transitional provisions, have been adopted by us in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the stub comparative financial information.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial position and results of operations have been, or may expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain of these key factors is set out below.

Regulatory Approvals and Commercialisation of our Drug Candidates

Our business and results of operations depend on our ability to commercialise our drug candidates. We had a pipeline of five drug candidates as of the Latest Practicable Date, including five clinical-stage drug candidates. While we currently have no drugs approved for commercial sales and have not generated any revenue from drug sales, we expect to commercialise one or more of our drug candidates over the coming years as they move toward the final stages of development and if they receive the requisite regulatory approvals. Please refer to "Business – Our Pipeline of Drug Candidates" for further details on the development status of our various drug candidates.

The gateway to the commercialisation of our drug candidates in various markets is regulatory approval. The time required to obtain approval by the NMPA, U.S. FDA or other comparable regulatory authorities is unpredictable but typically takes several years following the commencement of clinical trials. Any delays in the regulatory approval of any of our drug candidates in major markets will delay our ability to generate revenue from those drug candidates in those markets and adversely affect our results of operations. Please refer to "Risk Factors – Risks Relating to Development, Clinical Trials and Regulatory Approvals of Our Drug Candidates" and "Risk Factors – Risks Relating to the Regulatory Approvals and Commercialisation of our Drug Candidates Outside of China" and "Risk Factors – Risks Relating to Commercialisation of Our Drug Candidates" for further details of the risks in relation to obtaining regulatory approvals and commercialisation of our drug candidates.

R&D Expenditures

We believe that R&D is critically important to our future success and we have devoted significant resources to our drug development programmes. We capitalise our development expenditures as intangible assets only when they meet certain capitalisation criteria. Please refer to "– Critical Accounting Policies, Estimates and Judgements – R&D Expenditures" below for details. Development expenditures that do not meet the capitalisation criteria are expensed as incurred and are recognised as R&D costs. We have not capitalised any of our development expenditures since our inception. Our R&D costs increased by 129.6% from

RMB93.2 million for the year ended 31 December 2018 to RMB214.0 million for the year ended 31 December 2019, primarily due to the advancement of our clinical trials for clinical stage drug candidates and the hiring of additional R&D management and technical personnel. Our R&D expenditures, as well as the portion of R&D expenditures being capitalised and/or expensed, are affected by the stage of our existing drug candidates and any additional drug candidates to be developed. We expect to continue to increase our R&D expenditures to progress our drug development programmes. In particular, we expect to incur increased R&D expenditures for 2020 in connection with the clinical development of Proxalutamide, Pyrilutamide, ALK-1, Detorsertib and GT1708F. We generally commence capitalisation of R&D expenditures with respect to a product candidate once we have obtained its NDA approval. We expect to commence capitalisation of our R&D expenditures in respect of Proxalutamide following obtaining its NDA approval.

Potential Competition Upon Commercialisation

The development and commercialisation of innovative drugs is highly competitive. We face competition from global and China-based pharmaceutical and biotechnology companies, in particular companies currently marketing products or expect to be marketing products that compete or may compete directly with our drug candidates. There are a number of pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs for indications for which we are developing our drug candidates. In particular, Enzalutamide, a competitive product of our phase III drug candidate Proxalutamide, obtained NDA approval in China in November 2019. Please refer to "Market Opportunity and Competition" under descriptions of each of our drug candidates in "Business" for details of our major competitors for each drug candidate and "Risk Factors – Risks Relating to Commercialisation of Our Drug Candidates – We face substantial competition, which may result in others discovering, developing or commercialising competing drugs before or more successfully than we do." for further details of the risks associated with potential competition. Our commercial opportunity could be reduced or eliminated if our competitors develop or market products or other novel therapies that are more effective, safer or less costly than our current or future drug candidates, or obtain regulatory approvals or market penetration for their products more rapidly than we do for our drug candidates.

Cost Structure

During the Track Record Period, a substantial portion of our costs were in relation to R&D and general administration. In 2018 and 2019, our R&D costs were RMB93.2 million and RMB214.0 million, respectively. In 2018 and 2019, our administrative expenses were RMB24.1 million and RMB32.8 million, respectively. We expect our cost structure to evolve as we progress our drug development programmes and transition into a pharmaceutical company that develops, manufactures and sells products. Assume we obtain regulatory approvals for Proxalutamide or any other drugs, we expect to incur significant expenses related to production and building our marketing, sales and distribution network, including with respect to the recruitment of sales and marketing personnel and production personnel, among other things, in anticipation of our launch.

Milestone Payments and Royalties

We are required to make certain milestone payments and royalties pursuant to our licence agreement with Pfizer as well as our technology transfer agreements with Suzhou Yunxuan and Peking University, respectively. Please refer to "Business – Our Licensing Arrangements" for further details of the payment terms under these agreements. The timing of these payments will have an effect on our profitability and cash flow.

Financing for Our Operations

During the Track Record Period, we funded our cash requirements principally through proceeds from Pre-IPO Investments, capital contribution from our shareholders, borrowings and government grants. We expect our expenses will continue to increase in connection with our ongoing R&D activities, particularly as we advance the clinical development of our clinical-stage drug candidates. If we obtain regulatory approvals for Proxalutamide and any other drugs, we expect to incur significant commercialisation expenses related to establishing manufacturing facilities and building our marketing, sales and distribution network in anticipation of our launch. Accordingly, we will likely need to use cash to fund our continuing operations. If we are required to obtain substantial additional funding and are unable to raise capital when needed, or acceptable terms or at all, we could be forced to delay, reduce or terminate our drug development programmes or any future commercialisation efforts, which could adversely impact our ability to generate revenue and achieve profitability. Please refer to "Risk Factors – Risks Relating to Development, Clinical Trials and Regulatory Approvals of Our Drug Candidates – Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to achieve successful results in our clinical trials."

The Inclusion of Our Drug Candidates in the National Reimbursement Drug List

Under the national medical insurance programme in China, patients purchasing pharmaceutical products that are listed on the National Reimbursement Drug List are entitled to reimbursement of all or a portion of their purchase costs from the social medical fund. Consequently, the inclusion or exclusion of a pharmaceutical product in the National Reimbursement Drug List will significantly affect the demand for such product in China. We may seek the listing of our drugs that are approved for marketing in China on the National Reimbursement Drug List, which is expected to make our drugs more affordable to patients across China and increase the demand for any drugs for which we obtain marketing approvals. Our inability to promptly obtain coverage for any drugs for which we obtain regulatory approvals that we develop could have an adverse impact on the demand for our drug candidates.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The discussion and analysis of our financial position and results of operations are based on the consolidated financial statements of our Group prepared in accordance with the significant accounting policies set out in the Accountant's Report included in Appendix I to this prospectus. The preparation of our financial information requires us to make estimates and judgements in applying certain critical accounting policies which may have a significant impact on our results of operations. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ from these estimates under different assumptions and conditions. The following discussion provides supplemental information on our critical accounting policies, certain of which require estimates and assumptions from our Directors.

R&D Expenditures

We capitalise our development expenditures, including in respect of development activities related to regulatory filings for our drug candidates, as intangible asset only when we are able to demonstrate the following: (i) the technical feasibility of completing the development project so that it will be available for use or sale; (ii) our intention to complete the development project to use or sell the development project; (iii) our ability to use or sell

the development project; (iv) how the development project will generate probable future economic benefits for our Group; (v) our availability of adequate technical, financial and other resources to complete the development project and to use or sell the development project; and (vi) the ability to measure reliably the expenditures attributable to the intangible asset.

Expenditures that do not meet these capitalisation principles are recognised as R&D costs in our consolidated statements of comprehensive income. During the Track Record Period, our development expenditures did not meet these capitalisation principles for any drug candidate and were expensed as incurred. We expect to commence capitalisation of our development expenditures in respect of a drug following obtaining its NDA approval.

We will amortise development expenditures that have been capitalised from the commencement of the commercial production of the drug candidate on a straight-line basis over the life of the related drug candidate.

Where an indication of impairment exists, we assess the carrying amount of the capitalised R&D expenditures and record its recoverable amount immediately. For R&D expenditures that are capitalised but not amortised, we undertake impairment reviews annually.

Intangible Assets from In-licences and In-Process Research and Development (IPR&D)

Intangible assets acquired separately are measured on initial recognition at cost. Certain intangible assets are from the licensing of intellectual properties in development, with non-refundable upfront payment, milestone payment and royalty payment. We capitalise upfront payments as intangible assets when they are paid. We capitalise milestone payments as intangible assets when they are incurred, unless the payment is for outsourced R&D work, which would follow the capitalisation policies described above. Royalty payment would be accrued for in line with the underlying sales and recognised as a cost of sales. However, if the intangible asset is acquired in a business combination, it is measured at fair value at initial recognition. IPR&D acquired is subsequently stated at cost less any impairment losses.

R&D expenditures which are related to an IPR&D project acquired separately or in a business combination and incurred after the acquisition of that project are accounted for in accordance with the capitalisation policy described in "– R&D Expenditures" above.

Intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised when ready for use and 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. Intangible assets with indefinite useful lives or not ready for use will not be amortised but tested for impairment annually either individually or at the cash-generating unit ("**CGU**") level. The impairment test would compare the recoverable amount of the in-licences and IPR&D asset to its carrying value. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

In-licences and IPR&D with finite useful life are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Intangible Assets Acquired in a Business Combination

We acquired KX-826 as our intangible asset through acquisition of Suzhou Koshine. The cost of the intangible asset is its fair value at the acquisition date. The fair value of the intangible asset reflects market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. The entity expects there to be an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. If an asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. An acquirer recognises at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. The acquirer recognises as an asset separately from goodwill an IPR&D project of the acquiree if the project meets the definition of an intangible asset. An acquiree's IPR&D project meets the definition of an intangible asset when it: (i) meets the definition of an asset; and (ii) is identifiable, i.e., is separable or arises from contractual or other legal rights.

If an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. Determination of the fair value involves management judgement in order to assess whether the carrying value of the intangible assets not ready for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialisation, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; (iv) the selection of discount rates; and (v) success rate of commercialisation to reflect the risks involved.

An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognises the intangible asset separately from goodwill, but together with the related item.

Impairment of Intangible Assets Not Ready for Use

We obtained in-licences and IPR&D through the licensing of drug candidates or business combinations to continue the R&D work and to commercialise the drug candidates. These drug candidates had not been put into commercial production and are classified as intangible assets not ready for use. Our intangible assets not ready for use during the Track Record Period are related to four drug candidates – GT1708F (in-licensed in late 2016), ALK-1 (in-licensed in 2018), KX-826 (acquired through business combination in 2018) and c-Myc inhibitor (in-licensed in 2019).

We test intangible assets not yet ready for use for impairment annually based on the recoverable amount of the CGU to which the intangible asset is related. The appropriate CGU is at the product level. The recoverable amount of each CGU was determined based upon the fair value less costs of disposal. The fair value was estimated using the discounted cash flow approach. The estimated revenue is based on our management's expectations of timing of commercialisation, market penetration rate, market size of related products and success rate of commercialisation. The percentage of costs and operating and selling expenses to revenue is the percentages over the revenue forecast period. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price increases in labour and relevant equipment. The market share was used based on the expected selling conditions considering the features of marketing and technology development. The discount rates used are post-tax and reflect specific risks relating to the relevant product. The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and applicable regulations.

An independent valuation was performed by an independent appraiser to determine the recoverable amount of the CGU.

The key assumptions used for fair value calculation of GT1708F as of 31 December 2018 and 2019 are as follows:

	As of 31 December	
	2018	**2019**
Post-tax discount rate	22.0%	22.0%
Revenue growth rate for the stable period	3.2%~16.6%	3.2%~16.6%
Revenue growth rate for the declining period	-5.5%~-0.9%	-5.5%~-0.9%
Market penetration rate	0.5%~8.3%	0.5%~8.3%
Success rate of commercialisation	7.2%	7.2%
Percentage of costs and operating expenses	42.6%~128.8%	42.6%~128.8%
Recoverable amount of CGU (in RMB'000)	10,593	30,015

Based on the result of impairment assessment, there was no impairment of GT1708F as of 31 December 2018 and 2019.

The recoverable amount of the CGU of GT1708F is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 2019 by RMB7,549,000 and RMB23,471,000 respectively. Considering there was still sufficient headroom based on the assessment, our Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of GT1708F would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As of 31 December	
	2018	**2019**
Post-tax discount rate	9.4%	28.0%
Revenue growth rate	-9.3%	-25.8%
Market penetration rate	-13.9%	-35.3%
Success rate of commercialisation	-71.3%	-78.2%
Percentage of costs and operating expenses	11.0%	28.0%

The key assumptions used for fair value calculation of C-Myc inhibitor as of 31 December 2019 are as follows:

	As of 31 December 2019
Post-tax discount rate	22.0%
Revenue growth rate for the stable period	3.5%~9.4%
Revenue growth rate for the declining period	-20.4%~-0.1%
Market penetration rate	0.1%~4.4%
Success rate of commercialisation	7.2%
Percentage of costs and operating expenses	48.1%~129.8%
Recoverable amount of CGU (in RMB'000)	8,086

Based on the result of impairment assessment, there was no impairment of C-Myc inhibitor as of 31 December 2019.

The recoverable amount of the CGU of C-Myc inhibitor is estimated to exceed the carrying amount of the CGU as at 31 December 2019 by RMB5,086,000. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of C-Myc inhibitor would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and our Directors and management believe that the key assumptions would not likely to change as follows:

	As of 31 December 2019
Post-tax discount rate	5.1%
Revenue growth rate	-4.8%
Market penetration rate	-9.0%
Success rate of commercialisation	-62.9%
Percentage of costs and operating expenses	7.1%

The key assumptions used for fair value calculations of ALK-1 as of 31 December 2018 and 2019 are as follows:

	As of 31 December	
	2018	**2019**
Post-tax discount rate	22.0%	22%
Revenue growth rate for the stable period	1.1%~22.8%	1.1%~22.8%
Revenue growth rate for the declining period	-10.6%~-1.9%	-10.6%~-1.9%
Market penetration rate	0.3%~15%	0.3%~15.0%
Success rate of commercialisation	13.5%	13.5%
Percentage of costs and operating expenses	40.5%~114.8%	40.5%~114.8%
Recoverable amount of CGU (in RMB'000)	28,197	66,076

Based on the result of impairment assessment, there was no impairment of ALK-1 as of 31 December 2018 and 2019.

The recoverable amount of the CGU of ALK-1 is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 31 December 2019 by RMB14,112,000 and RMB51,991,000, respectively. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of ALK-1 would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and our Directors and management believe that the key assumptions would not likely to change as follows:

	As of 31 December	
	2018	2019
Post-tax discount rate	10.4%	44.0%
Revenue growth rate	-8.9%	-32.6%
Market penetration rate	-14.1%	-46.0%
Success rate of commercialisation	-50.0%	-78.7%
Percentage of costs and operating expenses	9.4%	28.3%

The key assumptions used for fair value calculations of KX-826 as of 31 December 2018 and 2019 are as follows:

	As of 31 December	
	2018	2019
Post-tax discount rate	18.0%	18.0%
Revenue growth rate for the stable period	0.5%~24.1%	0.5%~24.1%
Revenue growth rate for the declining period	-13.4%~-9.4%	-13.4%~-9.4%
Market penetration rate	0.1%~7.5%	0.1%~7.5%
Success rate of commercialisation	20.6%	27.1%
Percentage of costs and operating expenses	48.0%~235.5%	48.0%~235.5%
Recoverable amount of CGU (in RMB'000)	158,498	281,164

Based on the result of impairment assessment, there was no impairment of KX-826 as of 31 December 2018 and 2019.

The recoverable amount of the CGU of KX-826 is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 31 December 2019 by RMB3,226,000 and RMB125,892,000, respectively. Considering there was still sufficient headroom based on the assessment, our Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of KX-826 would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As of 31 December	
	2018	2019
Post-tax discount rate	1.3%	49.7%
Revenue growth rate	-0.7%	-20.3%
Market penetration rate	-1.7%	-42.1%
Success rate of commercialisation	-2.0%	-44.8%
Percentage of costs and operating expenses	1.3%	32.9%

Based on the result of impairment assessment, there was no impairment for our intangible assets not ready for use in connection with our four drug candidates during the Track Record Period.

The recoverable amount of the CGU of GT1708F is estimated to exceed the carrying amount of the CGU as of 31 December 2018 and 2019 by RMB7,549,000 and RMB23,471,000 respectively.

The recoverable amount of the CGU of ALK-1 is estimated to exceed the carrying amount of the CGU as of 31 December 2018 and 2019 by RMB14,112,000 and RMB51,991,000, respectively.

The recoverable amount of the CGU of KX-826 is estimated to exceed the carrying amount of the CGU as of 31 December 2018 and 2019 by RMB3,226,000 and RMB125,892,000 respectively.

The recoverable amount of the CGU of C-Myc inhibitor is estimated to exceed the carrying amount of the CGU as of 31 December 2019 by RMB5,086,000.

Considering there was still sufficient headroom based on the assessment, our Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of each of the CGU to exceed its recoverable amount.

Please refer to Note 16 to the Accountant's Report included in Appendix I to this prospectus for further details of the key assumptions used for the impairment assessment.

Valuation of Financial Assets at Fair Value through Profit or Loss

As of 1 January 2018, we had certain investment products of RMB16,000,000 classified as financial assets at fair value through profit or loss under level 3, which represent financial assets that are considered to be the most illiquid and hardest to value. During the year ended 31 December 2018, these financial assets were disposed upon maturity. The fair values of these financial assets were based on cash flow discounted using the expected return according to our management's judgement. The estimation of these financial assets at fair value through profit or loss primarily uses unobservable inputs, such as the expected rate of return of the investment products. This requires our management to make estimates about expected future cash flows, credit risk, volatility and discount rates.

In making relevant estimations in connection with the valuation of these investment products, our management reviewed the specific terms of the investment products in detail and evaluated the historical returns and volatilities of the investment products with similar terms. Based on these procedures, our management believes that the valuation performed on our investment products was fair and reasonable. Our management also implements requirements as to the investment rating of counterparties and limitations on its exposure to a single financial institution in managing credit risks.

Details of the fair value measurement of investment products, particularly the fair value hierarchy, the valuation techniques and key unobservable inputs, are disclosed in Note 3.3 and Note 20 to the Accountant's Report issued by the Reporting Accountant 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 set out in Appendix I to this prospectus.

The Sole Sponsor has performed the following due diligence work in relation to the valuation of the aforementioned level 3 asset: (i) discussed with our management to understand the nature and details of the investment products; (ii) obtained and reviewed the relevant underlying contracts for the investment products; (iii) obtained and reviewed the relevant internal policies and procedures on capital management and investment management of our Group and reviewed the relevant valuation work performed by us; (iv) conducted due diligence with us to understand, amongst other things, the valuation methodologies, assumptions and key parameters adopted for the valuation of the investment products; (v) reviewed the relevant notes in the Accountant's Report as contained in Appendix I to this prospectus; (vi) conducted due diligence with the Reporting Accountant in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the historical financial information of our Group as a whole. Based on the due diligence work conducted by the Sole Sponsor as stated above, and having considered the work performed by our management and audit procedures carried out by the Reporting Accountant, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed by our Company and audit procedures carried out by the Reporting Accountant for the purpose of expressing an opinion on the historical financial information of our Group as a whole.

Adoption of IFRS 9, IFRS 15 and IFRS 16

IFRS 9 "Financial instruments" ("**IFRS 9**"), IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**") and IFRS 16, "Leases" ("**IFRS 16**") have been adopted and applied consistently in our consolidated financial statement since the beginning of, and throughout, the Track Record Period, in lieu of IAS 39 "Financial instruments: Recognition and measurement" ("**IAS 39**"), IAS 18 "Revenue" ("**IAS 18**") and IAS 17, "Leases" ("**IAS 17**"), respectively. Our internal assessments on the impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on our financial position and performance when compared to that of IAS 39, IAS 18 and IAS 17 are set out below.

IFRS 9 and IFRS 15

Based on our internal assessments, the adoption of IFRS 9 and IFRS 15 has no significant impact on our Group's financial position and performance as compared with IAS 39 and IAS 18, respectively.

IFRS 16

Under IAS 17, operating lease payments are charged to the consolidated income statement on a straight-line basis over the period of the lease, and operating lease commitments are disclosed separately in a note to the consolidated financial statement and are recognised outside of the consolidated statement of financial position. Under IFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of assets (being the right-of-use assets in our financial statements) and financial liabilities (being the lease liabilities in our financial statements) on our consolidated statements of financial position at the commencement of respective leases.

Based on our internal assessment, except for increases in total assets and total liabilities of RMB4.5 million and RMB4.6 million as of 31 December 2018 and RMB5.0 million and RMB5.4 million as of 31 December 2019 respectively as a result of further recognition of right-of-use of assets and relevant lease liabilities under IFRS 16, the adoption of IFRS 16 has no significant impact on our financial position and performance as compared with IAS 17. In addition, the adoption of IFRS 16 has no significant impact on our key financial ratios, such as current ratio, quick ratio and gearing ratio as of 31 December 2018 and 2019.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated profit or loss data for the periods indicated derived from our consolidated statements of comprehensive income set out in the Accountant's Report included in Appendix I to this prospectus:

	For the year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Revenue	698	–
Cost of sales	(689)	–
Gross profit	9	–
Other income	12,298	19,018
Distribution and marketing costs	–	(336)
Administrative expenses	(24,104)	(32,763)
R&D costs	(93,198)	(214,019)
Other gains/(losses) – net	518	(587)
Operating loss	(104,477)	(228,687)
Finance costs – net	(4,007)	(3,890)
Loss before income tax	(108,484)	(232,577)
Income tax expenses	–	–
Net loss for the year	(108,484)	(232,577)

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated limited revenue primarily from the provision of technology services to Suzhou Koshine in relation to the pre-clinical development of KX-826 prior to our acquisition of Suzhou Koshine in November 2018. We also generated revenue of RMB9,000 from an independent third party in 2018 for the provision of technology services on an *ad hoc* basis. For the years ended 31 December 2018 and 2019, our revenue was RMB0.7 million and nil, respectively. Assuming we receive NDA approval for Proxalutamide, we intend to focus our R&D resources on the development of our own drug candidates, and we do not expect to generate significant revenue from technology services going forward. We expect the sales of Proxalutamide to be the main source of our revenue following its commercialisation.

Cost of Sales

Our cost of sales during the Track Record Period primarily consisted of fees for outsourced services, including fees paid to an external drug development and consulting firm, staff costs and cost of materials in connection with our revenue-generating technology services provided to Suzhou Koshine during the Track Record Period. Following the commercialisation of our drug candidates, our cost of sales will primarily consist of raw materials costs and staff costs in connection with the manufacturing of our marketed drugs. For the years ended 31 December 2018 and 2019, our cost of sales was RMB0.7 million and nil, respectively.

Gross Profit

For the years ended 31 December 2018 and 2019, our gross profit was RMB9,000 and nil, respectively.

Distribution and marketing costs

Our distribution and marketing costs during the Track Record Period primarily consisted of salaries of our sales and marketing team which we started to build in the second half of 2019. For the year ended 31 December 2019, our distribution and marketing costs was RMB0.3 million.

Other Income

Our other income during the Track Record Period primarily consisted of government grants and interest income from bank balances and financial assets measured at amortised cost.

The following table sets forth a breakdown of our other income, by amount and as a percentage of our total other income, for the periods indicated:

	For the year ended 31 December			
	2018		2019	
	RMB'000	*%*	*RMB'000*	*%*
Government grants	7,650	62.2	16,964	89.2
Interest income from bank balances	1,066	8.7	1,476	7.8
Interest income from financial assets measured at amortised cost	3,550	28.9	578	3.0
Rental income	18	0.1	–	–
Others	14	0.1	–	–
Total	12,298	100.0	19,018	100.0

Our government grants during the Track Record Period primarily related to subsidies for our R&D activities. Certain government grants we received were to compensate for our R&D expenses, including future R&D expenses, and we recognised income from these government grants when the related costs were subsequently incurred. Certain government grants we received required us to comply with the conditions attached to the grants, and we recognised income from these grants when we received the relevant government's acknowledgement of our compliance.

Our interest income from bank balances in 2018 and 2019 primarily related to the interest income from increased bank balances following receipt of proceeds from Pre-IPO investments.

Our financial assets measured at amortised cost represent our investments in structured deposits with fixed rates in 2018 and 2019. In 2018, we purchased three financial assets measured at amortised cost amounting to RMB170.0 million with a duration of 90 to 180 days. The interests ranged from 4.7% to 4.8% per annum. As of 31 December 2018, we redeemed all these financial assets measured at amortised cost. In 2019, we purchased a financial asset measured at amortised cost of RMB55.0 million with a duration of 90 days at an interest rate of 4.2% per annum. As of 31 December 2019, we redeemed the financial asset measured at amortised cost.

Administrative Expenses

Our administrative expenses during the Track Record Period primarily consisted of (i) utilities and office expenses for our leased offices and laboratories; (ii) listing expenses in connection with the preparation for Listing; (iii) employee benefit expenses, which primarily consisted of compensation for management and administrative personnel; (iv) depreciation and amortisation, which primarily consisted of depreciation of right-of-use assets in relation to our leased properties for administrative use and amortisation of computer software; (v) bank charges; (vi) rental expenses for our other leased offices not accounted for as right-of-use assets; (vii) auditor's remuneration; and other miscellaneous administrative expenses.

The following table sets forth a breakdown of our administrative expenses, by amount and as a percentage of our total administrative expenses, for the periods indicated:

	For the year ended 31 December			
	2018		2019	
	RMB'000	*%*	*RMB'000*	*%*
Utilities and office expenses	4,405	18.3	5,894	18.0
Listing expenses	10,217	42.4	12,512	38.2
Employee benefit expenses	4,583	19.0	7,955	24.3
Depreciation and amortisation	596	2.5	2,111	6.4
Bank charge[(1)]	61	0.3	645	2.0
Rental expenses	346	1.4	715	2.2
Others[(2)]	3,896	16.1	2,931	8.9
Total	24,104	100.0	32,763	100.0

Notes:

1. Our bank charge in the year ended 31 December 2019 related to a bridge loan in connection with our reorganisation.

2. Our other administrative expenses primarily consisted of professional service fees in relation to our reorganisation in 2018.

R&D Costs

Our R&D costs during the Track Record Period primarily consisted of (i) clinical research expenses, which primarily consisted of fees paid to the hospitals in which we conducted our clinical trials; (ii) employee benefit expenses, which primarily consisted of compensation to R&D personnel; (iii) third party contracting fees, which primarily consisted of fees paid to CROs and CMOs for purposes of clinical trials; (iv) materials and consumables expenses in connection with our R&D; and (v) other R&D costs, which primarily consisted of utilities and office expenses in relation to R&D use, depreciation of right-of-use assets in relation to our leased properties for R&D use and depreciation of our laboratory equipment.

The following table sets forth a breakdown of our R&D costs, by amount and as a percentage of our total R&D costs, for the periods indicated:

	For the year ended 31 December			
	2018		2019	
	RMB'000	*%*	*RMB'000*	*%*
Clinical research expenses	27,392	29.4	101,719	47.5
Employee benefit expenses	20,139	21.6	34,809	16.3
Third party contracting fees	25,833	27.7	36,556	17.1
Materials and consumables expenses	14,885	16.0	35,208	16.5
Others	4,949	5.3	5,727	2.6
Total	93,198	100.0	214,019	100.0

Our R&D costs for Proxalutamide were RMB53.6 million and RMB136.0 million in 2018 and 2019, respectively, and our R&D costs for Pyrilutamide were RMB3.1 million and RMB17.7 million in 2018 and 2019, respectively (excluding ancillary R&D costs which are not product-specific).

Other Gains/(Losses) – Net

Our other gains or losses during the Track Record Period primarily consisted of gains from changes in the fair value of other financial assets, net foreign exchange losses or gains on operating activities, as well as losses on the disposal of property, plant and equipment.

The following table sets forth a breakdown of our other gains/(losses), by amount and as a percentage of our total other gains/(losses), for the periods indicated:

	For the year ended 31 December			
	2018		2019	
	RMB'000	*%*	*RMB'000*	*%*
Fair value changes of financial assets at fair value through profit or loss	932	179.9	–	–
Losses on disposal of property, plant and equipment	(5)	(1.0)	(2)	0.3
Net foreign exchange losses on operating activities	(386)	(74.5)	(8)	1.4
Others	(23)	(4.4)	(577)	98.3
Total	518	100.0	(587)	100.0

The financial assets at fair value through profit or loss during the Track Record Period represented our purchases of short-term investment products with expected rates of return ranging from 3.6% to 3.95% per annum during the Track Record Period. The fair values were based on cash flow discounted using the expected return according to our management's judgement.

Finance Costs – Net

Our net finance cost during the Track Record Period primarily consisted of the interest we pay on our borrowings, partially offset by net foreign exchange gains on financing activities. Our finance costs for the years ended 31 December 2018 and 2019 were RMB4.0 million and RMB3.9 million, respectively.

Please refer to "– Indebtedness" below and Note 22 to the Accountant's Report included in Appendix I to this prospectus for further details of our borrowings.

Income Tax Expenses

We did not have any income tax expenses as we incurred net tax losses during the Track Record Period. Pursuant to the Corporate Income Tax Law of the PRC and the applicable regulations, the subsidiaries which we operate in the PRC are subject to corporate income tax at a rate of 25% on taxable income. During the Track Record Period and up to the Latest Practicable Date, we had paid all taxes in accordance with tax regulations and did not have any disputes or unresolved tax issues with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

Revenue

We generated revenue of RMB0.7 million in 2018 from the provision of technology services to Suzhou Koshine in relation to the pre-clinical development of KX-826 prior to our acquisition of Suzhou Koshine in November 2018. We did not generate any revenue in 2019.

Cost of Sales

Our cost of sales was RMB0.7 million in 2018 primarily in relation to our provision of technology services to Suzhou Koshine for the pre-clinical development of KX-826. We did not incur any cost of sales in 2019.

Gross Profit

For the years ended 31 December 2018 and 2019, our gross profit was RMB9,000 and nil, respectively.

Distribution and Marketing Costs

Our distribution and marketing costs increased by RMB0.3 million, or 100%, from nil in 2018 to RMB0.3 million in 2019, primarily in relation to our establishment of sales and marketing team in the second half of 2019 in anticipation of Proxalutamide's commercialisation.

Other Income

Our other income increased by RMB6.7 million, or 54.6%, from RMB12.3 million in 2018 to RMB19.0 million in 2019, primarily as a result of an RMB9.3 million increase in government grants in relation to our R&D activities and an RMB0.4 million increase in interest income from bank balances, partially offset by an RMB3.0 million decrease in interest income from financial assets measured at amortised cost.

Administrative Expenses

Our administrative expenses increased by RMB8.7 million, or 35.9%, from RMB24.1 million in 2018 to RMB32.8 million in 2019, primarily as a result of (i) an RMB3.4 million increase in employee benefit expenses primarily resulting from increased staff and management members in line with the expansion of our operations; (ii) an RMB2.3 million increase in listing expenses; (iii) an RMB1.5 million increase in depreciation and amortisation primarily consisting of depreciation of right-of-use assets related to the expansion of leased office space; and (iv) an RMB1.5 million increase in utilities and office expenses in line with the expansion of our office space.

R&D Costs

Our R&D costs increased by RMB120.8 million, or 129.6%, from RMB93.2 million in 2018 to RMB214.0 million in 2019, primarily as a result of (i) an RMB74.3 million increase in clinical research expenses primarily paid to hospitals where we conducted clinical trials; (ii) an RMB20.3 million increase in materials and consumables expenses; (iii) an RMB14.7 million increase in R&D employee benefit expenses; and (iv) an RMB10.7 million increase in third party contracting fees primarily consisting of fees paid to CROs and CMOs. The increase in R&D expenses primarily resulted from the advancement of our clinical trials for Proxalutamide's phase III clinical trials for mCRPC in China, ALK-1's phase II clinical trials for metastatic HCC in Taiwan and Pyrilutamide's phase I clinical trials for androgenetic alopecia in China and the United States. We hired additional R&D management personnel in 2019, as well as additional R&D staff to support the growing needs of our drug development programmes.

Other Gains/(Losses) – Net

We had other gains of RMB0.5 million in 2018 primarily as a result of gains from changes in fair value of other financial assets in relation to our purchases of short-term investment products in 2018 following our receipt of proceeds from Series C investment, partially offset by net foreign losses of RMB0.4 million on operating activities. We had other losses of RMB0.6 million in 2019.

Finance Cost – Net

Our net finance cost decreased by RMB0.1 million, or 2.9%, from RMB4.0 million in 2018 to RMB3.9 million in 2019, primarily as a result of decreased interest expenses on borrowings. Please refer to "– Indebtedness" below and Note 22 to the Accountant's Report included in Appendix I to this prospectus for further details of our borrowings.

Income Tax Expenses

We did not have any income tax expenses in 2018 and 2019 as we incurred net tax losses.

Net Loss for the Year

Our net loss increased by RMB124.1 million, or 114.4%, from RMB108.5 million in 2018 to RMB232.6 million in 2019.

DISCUSSION OF SELECTED BALANCE SHEET ITEMS

The following table sets forth a summary of our Group's balance sheet items as of 31 December 2018 and 2019 derived from our consolidated statements of financial position set out in the Accountant's Report included in Appendix I to this prospectus:

	As of 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	9,165	98,369
Intangible assets	172,484	179,299
Right-of-use assets	14,070	14,412
Other non-current assets	9,535	40,683
	205,254	332,763
Current assets		
Other receivables, deposits and prepayments	14,296	25,081
Cash and cash equivalents	137,513	195,532
Restricted cash	66,534	–
	218,343	220,613
Total assets	423,597	553,376
Non-current liabilities		
Borrowings	22,000	–
Lease liabilities	2,717	2,311
Deferred income tax liabilities	38,818	38,818
	63,535	41,129
Current liabilities		
Trade and other payables	18,290	79,999
Borrowings	43,000	58,700
Lease liabilities	1,926	3,086
Deferred income	846	798
Amounts due to related parties	44,323	–
	108,385	142,583
Total liabilities	171,920	183,712

	As of 31 December	
	2018	2019
	RMB'000	*RMB'000*
Equity attributable to the equity holders of the Company		
Share capital	–	17
Combined capital	16,685	–
Reserves	234,992	369,647
Total equity	251,677	369,664
Total equity and liabilities	423,597	553,376

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of 31 December		As of 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Current Assets			
Other receivables, deposits and prepayments	14,296	25,081	26,418
Cash and cash equivalents	137,513	195,532	219,118
Restricted Cash	66,534	–	–
	218,343	220,613	245,536
Current Liabilities			
Trade and other payables	18,290	79,999	76,073
Borrowings	43,000	58,700	118,600
Lease liabilities	1,926	3,086	3,082
Deferred income	846	798	867
Amounts due to related parties	44,323	–	–
	108,385	142,583	198,622
Net Current Assets	109,958	78,030	46,914

Our net current asset decreased from RMB78.0 million as of 31 December 2019 to RMB46.9 million as of 31 March 2020, being the latest practicable date for the purpose of our net current asset position, primarily due to an RMB59.9 million increase in borrowings, partially offset by (i) an RMB23.6 million increase in cash and cash equivalents; (ii) an RMB3.9 million decrease in trade and other payables primarily due to decreased payables for property, plant and equipment as well as decreased payables for listing expenses following our payments of the relevant expenses; and (iii) an RMB1.3 million increase in other receivables, deposits and prepayments primarily due to increased prepayments of listing expenses.

Our net current asset position decreased from net current assets of RMB110.0 million as of 31 December 2018 to net current assets of RMB78.0 million as of 31 December 2019, primarily due to (i) an RMB66.5 million decrease in restricted cash resulting from our repayment of borrowings and the corresponding decrease in cash pledged; (ii) an RMB61.7 million increase in trade and other payables primarily due to increased payables for property, plant and equipment in connection with the construction of our manufacturing facilities in Suzhou, increased payables to CROs and CMOs, as well as increased payables for listing expenses and salary and staff welfare; (iii) an RMB15.7 million increase in current borrowings; (iv) an RMB1.2 million increase in lease liabilities primarily due to our office rental in Hong Kong, partially offset by (i) an RMB58.0 million increase in cash and cash equivalents following our receipt of proceeds from Series D investment; (ii) an RMB44.3 million decrease in amounts due to related parties primarily due to the settlement of payables for capital reduction in connection with our reorganisation; and (iii) an RMB10.8 million increase in other receivables, deposits and prepayments primarily due to increased prepayments to CROs and CMOs.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments increased from RMB14.3 million as of 31 December 2018 to RMB25.1 million as of 31 December 2019. The increase were primarily attributable to increases in prepayments to suppliers mainly relating to prepayments to CROs, CMOs and suppliers of laboratory materials in line with the advancement of our drug development programmes, in particular clinical trials.

Property, Plant and Equipment

Our property, plant and equipment increased from RMB9.2 million as of 31 December 2018 to RMB98.4 million as of 31 December 2019, primarily due to the increase in book value of our Suzhou manufacturing facilities under construction.

Intangible Assets

Our intangible assets increased from RMB172.5 million as of 31 December 2018 to RMB179.3 million as of 31 December 2019, primarily due to our acquisition of all information, data and technological know-how from Peking University pursuant to a technology transfer agreement in connection with the development and commercialisation of c-Myc inhibitor and additional payments we made to Suzhou Yunxuan pursuant to a technology transfer agreement in connection with the development and commercialisation of GT1708F. Our upfront and certain milestone payments made under the relevant licensing agreements were capitalised as intangible assets.

Cash and Cash Equivalents

The following table sets forth the balances of our cash and cash equivalents as of the balance sheet dates indicated:

	As of 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash at bank and on hand	204,047	195,532
Less: Restricted cash pledged for borrowings	(66,534)	–
Cash and cash equivalents	137,513	195,532
Cash and bank balances denominated in:		
– RMB	137,483	16,164
– USD	29	178,560
– HKD	1	808
	137,513	195,532

The increase in our cash and cash equivalent from RMB137.5 million as of 31 December 2018 to RMB195.5 million as of 31 December 2019 was primarily due to the receipt of proceeds from our Series D investment.

Trade and Other Payables

Our trade and other payables increased from RMB18.3 million as of 31 December 2018 to RMB80.0 million as of 31 December 2019, primarily due to an RMB37.0 million increase in payables for property, plant and equipment in connection with the construction of our manufacturing facilities in Suzhou, an RMB15.4 million increase in payables for service suppliers relating to payables to CROs and CMOs due to the advancement in our drug development programmes, an RMB5.0 million increase in payables for listing expenses and an RMB4.0 million increase in salary and staff welfare payables primarily due to increased number of employees and enhanced employee benefits.

The following table sets forth the ageing analysis of our trade payables and payables for service suppliers as of the balance sheet dates indicated, based on the invoice date:

	As of 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Within 1 year	7,342	23,367

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash during the Track Record Period primarily related to our R&D activities, purchases of raw materials and consumables, general and administrative costs associated with our operations and investments in financial products. During the Track Record Period, we funded our cash requirements principally through proceeds from Pre-IPO Investments, capital contribution from our shareholders, borrowings and government grants.

Going forward, we believe our liquidity requirements will be satisfied primarily by using funds from a combination of our cash and cash equivalents, borrowings, as well as net proceeds from the Global Offering. Our cash and cash equivalents consisted of deposits with banks and cash on hand, which amounted to RMB195.5 million as of 31 December 2019. Taking these into account, our Directors believe that we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs as well as R&D costs, for at least 12 months from the date of publication of this prospectus.

Cash Operating Cost

The following table sets out the components of our cash operating cost for the periods indicated:

	For the year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
R&D cash costs for our Core Products		
Clinical research expenses	19,716	77,088
Employee benefit expenses	4,589	18,194
Third party contracting fees	15,479	16,333
Materials and consumables expenses	8,547	30,788
Others	1,805	2,179
R&D cash costs for our other drug candidates		
Clinical research expenses	2,021	14,847
Employee benefit expenses	12,620	11,741
Third party contracting fees	3,784	16,641
Materials and consumables expenses	1,055	6,746
Others	2,807	5,395
Workforce employment cost[(1)]	2,746	9,186
	75,169	209,138

Note:

(1) Workforce employment cost represents total non-R&D staff costs mainly including salaries and bonus.

Cash Flows

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

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash used in operations before changes in working capital	(107,578)	(226,071)
Changes in working capital	(3,723)	145
Net interest paid	(3,567)	(2,116)
Net cash used in operating activities	(114,868)	(228,042)
Net cash used in investing activities	(64,748)	(7,013)
Net cash generated from financing activities	303,936	295,852
Net increase in cash and cash equivalents	124,320	60,797
Cash and cash equivalent at the beginning of year	13,193	137,513
Exchange losses on cash and cash equivalents	–	(2,778)
Cash and cash equivalent at the end of year	137,513	195,532

Net Cash used in Operating Activities

During the Track Record Period, we derived our cash inflows from operating activities primary from government grants, as well as revenue on an *ad hoc* basis from the provision of technology services to Suzhou Koshine. Our net cash used in operating activities mainly consisted of R&D expenses and administrative expenses.

In 2019, our net cash used in operating activities was RMB228.0 million, consisting of RMB226.1 million of cash used in operations before changes in working capital, negative changes in working capital of RMB0.1 million, interest paid on borrowings of RMB3.6 million and interest received on bank balances of RMB1.5 million. Our negative changes in working capital primarily consisted of (i) an RMB15.8 million increase in other non-current assets; and (ii) an RMB10.7 million increase in trade and other receivables primarily due to increased prepayments to CROs and CMOs; partially offset by an RMB26.7 million increase in trade and other payables primarily due to increased payables for property, plant and equipment in connection with the construction of our manufacturing facilities in Suzhou, increased payables to CROs and CMOs, as well as increased payables for listing expenses and salary and staff welfare.

In 2018, our net cash used in operating activities was RMB114.9 million, consisting of RMB107.6 million of cash used in operations before changes in working capital, negative changes in working capital of RMB3.7 million, interest paid on borrowings of RMB4.6 million and interest received on bank balances of RMB1.1 million. Our negative changes in working capital primarily consisted of (i) an RMB10.8 million increase in trade and other receivables mainly due to increased prepayments to CROs, CMOs and suppliers of R&D materials; and (ii) an RMB4.9 million increase in other non-current assets, partially offset by (i) an RMB11.7 million increase in trade and other payables mainly due to increased payables for service

suppliers relating to payables to CROs and CMOs as well as increased salary and staff welfare payables; and (ii) an RMB0.3 million increase in deferred revenue mainly due to the recognition of income in respect of government subsidies we received for our R&D projects.

Net Cash used in Investing Activities

During the Track Record Period, our cash flows relating to investing activities primarily reflected our investments in financial products, purchases of technical know-how and purchases of land and equipment.

In 2019, our net cash used in investing activities was RMB7.0 million, which primarily consisted of (i) purchases of property, plant and equipment of RMB67.2 million mainly relating to the preparation for our manufacturing facilities in Suzhou; (ii) purchases of structured deposits of RMB55.0 million; and (iii) purchases of intangible assets of RMB6.9 million resulting from our licensing of C-Myc inhibitor from Peking University and additional payments we made to Suzhou Yunxuan pursuant to a technology transfer agreement in connection with the development and commercialisation of GT1708F, partially offset by (i) proceeds from the release of restricted cash pledged of RMB66.5 million resulting from our repayment of borrowings; and (ii) proceeds received upon maturity of certain structured deposits of RMB55.6 million.

In 2018, our net cash used in investing activities was RMB64.7 million, which primarily consisted of (i) purchases of structured deposits of RMB170.0 million; (ii) payments for restricted cash of RMB66.5 million due to the pledging of security deposits for a long-term loan; (iii) purchases of short-term investment products of RMB51.0 million; (iv) purchases of intangible assets of RMB14.2 million in relation to the upfront payment in relation to our exclusive licence to develop and commercialise ALK-1; and (v) purchases of property, plant and equipment of RMB5.2 million mainly relating to the preparation for our manufacturing facilities in Suzhou, partially offset by proceeds received upon maturity of certain structured products of RMB173.6 million; and proceeds received upon maturity of certain short-term investment products of RMB67.9 million.

Net Cash Generated from Financing Activities

During the Track Record Period, our cash flows relating to financing activities primarily reflected proceeds from Pre-IPO Investments and net borrowings.

In 2019, our net cash generated from financing activities was RMB295.9 million, which primarily consisted of proceeds from Series D investment of RMB307.0 million and proceeds from borrowings of RMB58.7 million, partially offset by repayment of borrowings of RMB65.0 million, payment of lease liabilities of RMB2.8 million and payment of listing expenses of RMB2.0 million.

In 2018, our net cash generated from financing activities was RMB303.9 million, which primarily consisted of proceeds from Series C investment of RMB287.0 million and net borrowings of RMB20.0 million, partially offset by the payment of listing expenses of RMB2.1 million which was capitalised.

INDEBTEDNESS

Borrowings

As of the balance sheet dates indicated and the latest practicable date for the purpose of this indebtedness statement, being 31 March 2020, our indebtedness consisted primarily of loans from a government authority and bank borrowings. The following table sets forth a summary of our borrowings as of the respective dates:

	As of 31 December		As of 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Non-current			
Loans from a government authority	22,000	–	–
Long-term bank borrowings	–	–	50,000
Current			
Loans from a government authority	43,000	–	–
Short-term bank borrowings	–	58,700	118,600
	65,000	58,700	168,600

As of 31 December 2019, we had five unsecured short-term bank borrowings totalling RMB58.7 million that bore a fixed interest rate at 4.35% per annum and were due in 2020.

From January 2020 to March 2020, we had new short-term bank borrowings of RMB79.9 million in aggregate, which were unsecured and unguaranteed with a fixed interest rate of 4.35% per annum. We repaid RMB20.0 million short-term bank borrowings in March 2020. We also had new long-term bank borrowings of RMB50.0 million in aggregate, which were secured by certain land use right and construction in progress. The bank loans of RMB50.0 million shall be repaid by installments during a period from 15 October 2021 to 23 March 2026.

As of 31 March 2020, being the latest practicable date for the purpose of this indebtedness statement, the balance of our bank borrowings consisted of short-term bank borrowings of RMB118.6 million which were unsecured and unguaranteed and long-term bank borrowings of RMB50.0 million which were secured by certain land use right and construction in progress. As of 31 March 2020, we had unutilised bank facilities of RMB216.4 million.

Lease Liabilities

Our lease liabilities amounted to RMB4.6 million, RMB5.4 million and RMB4.7 million as at 31 December 2018, 31 December 2019 and 31 March 2020, respectively which were unsecured and unguaranteed and mainly related to our leased offices for administrative and laboratory uses.

Except as disclosed above, and apart from intra-group liabilities, we did not have, as of 31 March 2020, any other debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities. We currently do not have any plans for material external debt financing.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements as of the Latest Practicable Date.

CAPITAL EXPENDITURES

In 2018 and 2019, our capital expenditures, which consisted of purchases of property, plant and equipment and intangible assets, were RMB175.8 million and RMB97.9 million, respectively. We have historically funded our capital expenditures through proceeds from pre-IPO Investments, capital contribution from our shareholders and borrowings.

We expect our capital expenditures in 2020 and 2021 will primarily consist of the construction of manufacturing facilities, the purchase of equipment and the acquisition of land use rights. We expect to finance our capital expenditures through a combination of our cash and cash equivalents as well as net proceeds from the Global Offering. We may adjust our capital expenditures for any given period according to our ongoing business needs.

CONTRACTUAL OBLIGATIONS

As of 31 December 2018 and 2019, we leased certain office and equipment under irrevocable lease contracts with lease term less than one year and leases value that have been exempted from recognition of right-of-use assets permitted under IFRS 16.

The following table sets forth the future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts for the balance sheet dates indicated:

	As of 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Lease commitments (exclude the right-of-use assets and lease liabilities)		
No later than one year	40	380
Later than one year and no later than two years	11	–
	51	380

Our capital expenditures contracted for as of 31 December 2018 and 2019 but not yet incurred was RMB36.1 million and RMB72.6 million, respectively. Our capital expenditures contracted for as of 31 December 2019 primarily related to purchases of property, plant and equipment in Suzhou and land use right in Pinghu, Zhejiang in connection with our manufacturing facilities.

MATERIAL RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period primarily consisted of the provision of technology services to Suzhou Koshine, the provision of guarantees by related parties and the provision of rental equipment to Suzhou Koshine. Further details of our related party transactions and balances are set out in Note 32 to the Accountant's Report included in Appendix I to this prospectus. We did not have any balances due to or from related parties as of 31 December 2019.

Our directors confirm that any material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operation over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

CERTAIN FINANCIAL RATIO

The following table sets forth certain financial ratio as of the balance sheet dates indicated:

	As of 31 December	
	2018	**2019**
Current ratio[(1)]	2.0	1.5

Note:

(1) Current ratio is total current assets as of year-end/period-end as a percentage of total current liabilities as of year-end/period-end.

Please refer to "– Net Current Assets" above for further details of changes in our current assets and current liabilities over the Track Record Period.

FINANCIAL RISKS

We are exposed to various types of financial and market risks, including foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. Our Directors review and agree financial management policies and practices for managing each of these risks.

Market Risks

Foreign Exchange risk

We were not exposed to any significant foreign exchange risks during the Track Record Period as each entity of our Group did not hold significant assets and liabilities denominated in a currency other than RMB.

Cash flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. We have no significant interest-bearing assets and liabilities, except for lease liabilities, cash and cash equivalents, restricted cash and borrowings. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk.

Our interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose us to fair value interest rate risk. As of 31 December 2018 and 2019, our borrowings carried fixed rates, which exposed the Group to fair value interest rate risk. Please refer to Note 22 to the Accountant's Report included in Appendix I to this prospectus for further details of the interest rates and terms of repayment of our borrowings.

Our management does not anticipate significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables, cash and cash equivalents, restricted cash and short-term investment products. The carrying amounts of trade and other receivables, cash and cash equivalents, restricted cash and short-term investment products represent our maximum exposure to credit risk in relation to financial assets.

We expect that there is no significant credit risk associated with cash and cash equivalents, restricted cash and short-term investment products since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

We account for credit losses, if any, using an expected credit losses model which utilises assumptions and estimates regarding expected future credit losses. We apply the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. We expect that trade receivables are exposed to negligible credit risk.

We have assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since their initial recognition. Therefore, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by our management. We do not expect any losses from non-performance by the counterparties of other receivables and have not recognised any loss allowance provision for other receivables.

Liquidity risk

We finance our working capital requirements through the issue of new shares, borrowings and government grants. Our management monitors rolling forecasts of our liquidity reserve on the basis of expected cash flow.

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to apply for credit facilities if necessary. We had net current assets of RMB78.0 million as of 31 December 2019. We are able to meet our financial obligations and fund our R&D activities through our cash on hand and consecutive capital raising activities.

Please refer to Note 3 to the Accountant's Report included in Appendix I to this prospectus for further details our foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk.

PROPERTY INTEREST AND PROPERTY VALUATION

Our selective property interests are set forth in the Property Valuation Report in Appendix III to this prospectus. Vigers, an independent property valuer, has valued our selective property interest as of 29 February 2020. A summary of the valuation report issued by Vigers are included in the Property Valuation Report set forth in Appendix III to this prospectus.

A reconciliation of the market value our selective property interests as extracted from the Property Valuation Report as set forth in Appendix III to this prospectus as of 29 February 2020 and net book value of our selective property interests in our consolidated financial statements as of 31 December 2019 as required under Rule 5.07 of the Listing Rules is set forth below:

(RMB in million)

Net book value of selective property interests as of 31 December 2019	97.8
Additions	1.1
Disposals	–
Depreciation	–
Net book value as of 29 February 2020	98.9
Valuation surplus as of 29 February 2020	16.5
Valuation as of 29 February 2020	115.4

DIVIDEND POLICY

We have not declared or paid any dividend since our inception. We do not currently have any dividend policy or intention to declare or pay any dividend in the near future. Any amount of dividends we pay will be at the discretion of our Directors and will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by our Company from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Directors. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the relevant laws. Please refer to a summary of the constitution of our Company and Cayman Companies Law set out in Appendix IV to this prospectus. As confirmed by our PRC legal advisers, according to applicable PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We experienced net loss during the Track Record Period, and we will only be able to declare dividends after all our historically accumulated losses have been made up for and the allocation of sufficient net profit to our statutory common reserve fund as described above. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

DISTRIBUTABLE RESERVES

As of 31 December 2019, we did not have any distributable reserves.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

Assuming an Offer Price of HK$18.98 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the listing expenses, including commissions and fees relating to the Global Offering, which are payable by us are estimated to amount in aggregate to be approximately RMB100.3 million (equivalent to approximately HK$110.1 million), of which approximately RMB41.0 million is expected to be charged to our consolidated statements of comprehensive income and approximately RMB59.2 million is expected to be capitalised. As of 31 December 2019, we had incurred RMB29.1 million of listing expenses, of which RMB22.7 million had been charged to our consolidated statements of comprehensive income and RMB6.4 million had been treated as a prepayment to be capitalised upon Listing.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We expect to record an increase in net loss in 2020 due to the expected increase in our R&D expenses.

We adopted the Employee Incentive Scheme on 31 March 2020 to attract, retain and motivate key employees for their contribution to our Group. On 31 March 2020, our Shareholders resolved to allot and issue 2,361,359 Shares to Kiya, representing approximately 8.52% of the total issued share capital of our Company as of the Latest Practicable Date, and 6.39% of the total issued Shares immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised. Please refer to "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" to this prospectus for further details of the principal terms of our Employee Incentive Scheme.

In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019 (COVID-19), was reported in Wuhan, China. The spread of COVID-19 subsequently evolved into a global pandemic and continues to affect China, where we manage our business and are conducting pre-clinical and clinical trials, as well as the United States and Taiwan, where we are also conducting multi-centre clinical trials. Governments in a number of affected countries, including in China and the United States, have locked down certain cities due to the spike in COVID-19 cases.

We are conducting multi-centre clinical trials for our drug candidates in the PRC, the United States and Taiwan. We have employed various measures to mitigate the impact of the COVID-19 outbreak on our ongoing clinical trials, including supplying enrolled patients with study medication through courier and arranging for enrolled patients to conduct check-ups at alternative medical centres if the ones they generally visit become unavailable. In respect of the development and commercialisation of our Core Products, we experienced slight delays in new patient enrolment for some of our on-going trials. Our clinical trial centre in Miami for Pyrilutamide's ongoing phase Ib clinical trials in the United States was temporarily closed, and as a result our study for Cohort 3 which was planned on 27 March 2020 will be on hold until further notice. Our CRO has assured us that our ongoing clinical trials for Pyrilutamide will be put in their top priorities with a view to completing the studies under the original timeline. Notwithstanding the temporary delays and disruptions, we currently do not anticipate any

material deviation from our drug development, manufacturing and commercialisation plans, and the expected development progress of our Core Products has taken into account the temporary delays and disruptions on our ongoing clinical trials as a result of the COVID-19 outbreak. However, the COVID-19 pandemic is with limited precedent, and it is therefore not possible to predict the impact that it will ultimately have on our business or our industry.

To minimise the impact of the COVID-19 outbreak, we have also implemented company-wide self-protection policies for employees to either working remotely or onsite with protective masks and sanitisation. There is no assurance, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. For details, please refer to "Risk Factors – Other Risks Relating to Our Operations – The COVID-19 pandemic could adversely impact our business and our ability to successfully complete our clinical trials in accordance with their anticipated timelines."

Our Directors confirm that, save as disclosed above, there has been no material adverse change in our financial, operational or trading positions or prospects since 31 December 2019, being the date of our consolidated financial statements as set forth in the Accountant's Report included in Appendix I to this prospectus, and that no material unexpected or adverse changes have occurred since the date of the issue of the relevant regulatory approvals for our drug candidates.

Assuming that (i) there will be no other sources of funding except for cash on hand, unutilised banking facilities and the receipt of net proceeds at the low end of the Offer Price range; (ii) there will be no cash generated from sales of products; and (iii) we will progress our drug development plan and incur R&D expenditures, as well as expand other aspects of our operations including manufacturing and sales and marketing, as currently contemplated as if we were in a cash-rich situation, we expect to be able to maintain viability for at least 24 months following Listing.

Our recent pre-clinical research collaboration with Soochow University in exploring the potential mechanism of COVID-19 gender disparity revealed that the blockage of AR signaling with AR antagonist Proxalutamide (GT0918) reduced the expression of ACE-2 and TMPRSS2, two key proteins for severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) that caused COVID-19, in normal lung cells and cancer cells derived from prostate and lung cancer. Proxalutamide (GT0918) also inhibited the expression of inducible nitric oxide synthase (iNOS) and tumour necrosis factor-alpha (TNF α), the macrophage-activation markers, in mouse macrophage cells. These results support the role of androgen-AR signalling in the disease progression and mortality in male patients with COVID-19 and were published on the SSRN on 23 April 2020.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following table of our unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of 31 December 2019 as if it had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as of 31 December 2019 or at any future date.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as of 31 December 2019[(1)] *RMB'000*	**Estimated net proceeds from the Global Offering[(2)]** *RMB'000*	**Pro forma net tangible assets of our Group attributable to the owners of our Company as of 31 December 2019[(4)]** *RMB'000*	**Pro forma net tangible assets of our Group attributable to the owners of our Company per Share as of 31 December 2019[(3)(4)(5)]** *RMB*	*HK$*
Based on an Offer Price of HK$17.80 per Offer Share	190,365	1,422,289	1,612,654	4.37	4.79
Based on an Offer Price of HK$20.15 per Offer Share	190,365	1,613,960	1,804,325	4.88	5.36

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 is extracted from the Accountant's Report included in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of our Company as of 31 December 2019 of RMB369.7 million less the intangible assets of our Group of 31 December 2019 of approximately RMB179.3 million.

(2) The estimated net proceeds from the Global Offering are based on 92,347,500 Offer Shares of an indicative Offer Prices of HK$17.80 and HK$20.15 per Offer Share, respectively, after deducting the underwriting fees and other related expenses (excluding listing expenses of RMB22.7 million which has been accounted for in the consolidated statements of comprehensive income up to 31 December 2019), and takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.

(3) The pro forma adjusted net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 369,389,600 Shares were in issue assuming the Global Offering and the Capitalisation Issue had been completed on 31 December 2019. It takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.

(4) No adjustment has been made to the pro forma adjusted net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 to reflect any trading result or other transaction of our Group entered into subsequent to 31 December 2019.

(5) For the purpose of the pro forma adjusted net tangible assets of our Group attributable to the owners of our Company per Share, the amount stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.9106. No representation is made that the amounts in Renminbi have been, could have been or may be converted to the amounts in Hong Kong dollars, or vice versa, at that rate or at all.

CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Dr. Tong, Dr. Guo, KT International and KG Development, acting in concert, held 36.84% of the issued share capital of the Company. Therefore, Dr. Tong, Dr. Guo, KT International and KG Development are the Controlling Shareholders before Listing.

Immediately following completion of the Capitalisation Issue and the Global Offering, and assuming that the Over-allotment Option is not exercised, the Controlling Shareholders, who are parties acting in concert pursuant to the concert party agreement dated 27 August 2018 will be interested in and control an aggregate of approximately 27.64% of the issued share capital of our Company and will cease to be our Controlling Shareholders under the Listing Rules and will be our largest Shareholders immediately after the Listing.

Dr. Tong and Dr. Guo are both our Directors. Please refer to "Directors and Senior Management" of this prospectus for further details of the background of Dr. Tong and Dr. Guo and please refer to "History, Development and Reorganisation" of this prospectus for further details of the background of our Controlling Shareholders.

Delineation of Business and Non-competition

Each of our Controlling Shareholders confirms that as of the Latest Practicable Date, he or it 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.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors comprising one executive Directors, five non-executive Directors and three independent non-executive Directors.

On the basis of the following reasons, our Directors consider that our Company is able to perform and manage our business independently from the Controlling Shareholders and their respective close associates after Listing:

(a) each of the Directors is aware of his/her fiduciaries duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) we believe our independent non-executive Directors bring independent judgement to the decision-making process of our Board;

(c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant Board meetings of our Company in respect of such transactions; and

(d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to "– Corporate Governance Measures" below for further details.

Having considered the above factors, our Directors are satisfied that we are able to perform our roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Capitalisation Issue and the Global Offering.

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after Listing:

(a) we are not reliant on intellectual properties owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders;

(b) we are the holder of all relevant licences material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;

(c) our Directors do not expect that there will be any connected transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after Listing; and

(d) none of our Controlling Shareholders and their respective close associates have any interest which competes or is likely to compete with the business of our Group.

Accordingly, our Directors are satisfied that we are able to function and operate independently from our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent internal control and accounting system. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders and their respective close associates.

We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support its daily operations. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders or their respective close associates in our favour or vice versa (as the case may be) upon the Listing. We have put in place controls in relation to transactions with connected persons and their close associates to ensure that any advances to or from such persons are in compliance with the Listing Rules.

Having considered that our future operations are not expected to be financed by our Controlling Shareholders or their respective close associates, we believe we are financially independent from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognise the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group our Controlling Shareholders:

- where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their close associates has a material interest, the relevant Controlling Shareholders or their close associates will not vote on the relevant resolutions;

- we have established internal control mechanisms to identify connected transactions. Upon the Listing, if we enter into connected transactions with our Controlling Shareholders or any of their close associates, our Company will comply with the applicable Listing Rules;

- the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

- we will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;

- 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 expenses; and

- we have appointed Red Solar 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 us and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised share capital of our Company as of the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Capitalisation Issue and the Global Offering:

Authorised Share Capital

		Nominal Value *(US$)*	Approximate % to total share capital
Authorised share capital as of the Latest Practicable Date and immediately before the completion of the Global Offering			
500,000,000	Shares of US$0.0001 each	50,000	100%
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised)			
27,704,210	Shares in issue as of the Latest Practicable Date	2,770.42	7.50%
249,337,890	Shares to be issued pursuant to the Capitalisation Issue	24,933.79	67.50%
92,347,500	Shares to be issued pursuant to the Global Offering	9,234.75	25.00%
369,389,600	Total	36,938.96	100%
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is exercised in full)			
27,704,210	Shares in issue as of the Latest Practicable Date	2,770.42	7.23%
249,337,890	Shares to be issued pursuant to the Capitalisation Issue	24,933.79	65.06%
92,347,500	Shares to be issued pursuant to the Global Offering	9,234.75	24.10%
13,852,000	Shares to be issued upon the Over-allotment Option being exercised in full	1,385.20	3.61%
383,241,600	Total	38,324.16	100%

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalisation Issue and the Global Offering. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally with all Shares currently in issue or to be issued as mentioned in this prospectus, and in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please refer to "Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (a)(iii) Alteration of capital" of this prospectus for further details.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. Please refer to "Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (a)(ii) Variation of rights of existing shares or classes of shares" of this prospectus for further details.

Further, our Company will also hold general meetings from time to time as may be required under the Articles. Please refer to "Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law" of this prospectus for further details of a summary of the Articles.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

- the aggregate nominal value of Shares repurchased by us under the authority set out in "– General Mandate to Repurchase Shares" below.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

Please refer to "Appendix V – Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions of the Shareholders of Our Company" of this prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. Please refer to "Appendix V – Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 6. Repurchase of Our Own Securities" of this prospectus for further details of the relevant Listing Rules.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of substantial Shareholder	Capacity/Nature of Interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	*(%)*	*Number*	*(%)*	*Number*	*(%)*
Dr. Tong	Interest in controlled corporation *(Note 1, 3)*	10,207,454(L)	36.84%	102,074,540(L)	27.64%	102,074,540(L)	26.64%
KT International	Beneficial owner *(Note 1, 3)*	10,207,454(L)	36.84%	102,074,540(L)	27.64%	102,074,540(L)	26.64%
Dr. Guo	Interest in controlled corporation *(Note 2, 3)*	10,207,454(L)	36.84%	102,074,540(L)	27.64%	102,074,540(L)	26.64%
KG Development	Beneficial owner *(Note 2, 3)*	10,207,454(L)	36.84%	102,074,540(L)	27.64%	102,074,540(L)	26.64%
Legend Holdings Corporation	Interest in controlled corporation *(Note 4)*	2,800,000(L)	10.11%	28,000,000(L)	7.58%	28,000,000(L)	7.31%
Real Able Limited	Beneficial owner	2,800,000(L)	10.11%	28,000,000(L)	7.58%	28,000,000(L)	7.31%
Mr. Stephen Hui Wang	Beneficial owner *(Note 5, 6)*	2,706,592(L)	9.77%	27,065,920(L) *(Note 6)*	7.33% *(Note 6)*	27,065,920(L) *(Note 6)*	7.06% *(Note 6)*
Seq Medical Limited	Interest in controlled Corporation *(Note 6)*	2,000,777(L)	7.22%	20,007,770(L) *(Note 6)*	5.42% *(Note 6)*	20,007,770(L) *(Note 6)*	5.22% *(Note 6)*
Highlight Capital GP I Company Limited	Interest in controlled Corporation *(Note 6)*	2,000,777(L)	7.22%	20,007,770(L) *(Note 6)*	5.42% *(Note 6)*	20,007,770(L) *(Note 6)*	5.22% *(Note 6)*
Highlight Capital Partner I L.P.	Interest in controlled Corporation *(Note 6)*	2,000,777(L)	7.22%	20,007,770(L) *(Note 6)*	5.42% *(Note 6)*	20,007,770(L) *(Note 6)*	5.22% *(Note 6)*
Highlight Medical	Beneficial owner *(Note 6)*	2,000,777(L)	7.22%	20,007,770(L) *(Note 6)*	5.42% *(Note 6)*	20,007,770(L) *(Note 6)*	5.22% *(Note 6)*
Mr. Jie Chen	Interest in controlled corporation *(Note 7)*	1,930,700(L)	6.97%	19,307,000(L)	5.23%	19,307,000(L)	5.04%

Name of substantial Shareholder	Capacity/Nature of Interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	*(%)*	*Number*	*(%)*	*Number*	*(%)*
Ningbo Yuanjue	Interest in controlled Corporation*(Note 7)*	1,930,700(L)	6.97%	19,307,000(L)	5.23%	19,307,000(L)	5.04%
BioVenture Investment	Interest in controlled corporation*(Note 7)*	1,930,700(L)	6.97%	19,307,000(L)	5.23%	19,307,000(L)	5.04%
Sungent Venture Limited	Beneficial owner*(Note 7)*	1,930,700(L)	6.97%	19,307,000(L)	5.23%	19,307,000(L)	5.04%
Suzhou Industrial Park Administrative Committee	Interest in controlled corporation*(Note 8)*	1,862,824(L)	6.72%	18,628,240(L)	5.04%	18,628,240(L)	4.86%
Origin VC	Beneficial owner*(Note 8)*	1,862,824(L)	6.72%	18,628,240(L)	5.04%	18,628,240(L)	4.86%

Notes:

(1) As of the Latest Practicable Date, KT International directly held 5,103,727 Shares in our Company. KT International was wholly-owned by Dr. Tong. By virtue of the SFO, Dr. Tong was therefore deemed to have an interest in the Shares held by KT International.

(2) As of the Latest Practicable Date, KG Development directly held 5,103,727 Shares in our Company. KG Development was wholly owned by Dr. Guo. By virtue of the SFO, Dr. Guo was therefore deemed to have an interest in the Shares held by KG Development.

(3) Dr. Tong, KT International, Dr. Guo and KG Development are concert parties by virtue of the concert parties agreement dated 27 August 2018. Please refer to "History, Development and Reorganisation – Reorganisation – Concert Party Arrangement" of this prospectus for further details of the concert parties agreement.

(4) As of the Latest Practicable Date, Real Able Limited directly held 2,800,000 Shares in our Company. Real Able Limited was a wholly owned subsidiary of Right Lane Limited, an investment holding vehicle, which was a wholly owned subsidiary of Legend Holdings Corporation. By virtue of the SFO, Legend Holdings Corporation was therefore deemed to have an interest in the Shares held by Real Able Limited.

(5) As at the Latest Practicable Date, Cherry Cheeks directly held 705,815 Shares in our Company. Cherry Cheeks is wholly owned by HL Partners II L.P., the general partner of which is HL GP II Company Limited, which is owned as to 91.25% by Mr. Stephen Hui Wang, by virtue of the SFO, Mr. Stephen Hui Wang was deemed to have interest in the Shares held by Cherry Cheeks. The number of Shares to be held by Cherry Cheeks immediately following the completion of the Global Offering has not taken into account Cherry Cheeks's subscription of Offer Shares pursuant to the relevant cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus.

(6) To the best of our Directors' knowledge, Highlight Medical is wholly owned by Highlight Capital Partner I L.P., an exempt limited partnership established in the Cayman Islands. The general partner of Highlight Capital Partner I L.P. is Highlight Capital GP I Company Limited, which is owned as to 70% by Seq Medical Limited, as to 20% by Sequoia Capital China GF Holdco III-A, Ltd., as to 5% by Gopher Capital GP Ltd. and as to 5% by RenJia Investment Pte. Ltd.. As Seq Medical Limited is owned as to 85% by Mr. Stephen Hui Wang, by virtue of the SFO, Mr. Stephen Hui Wang was deemed to have interest in the Shares held by Highlight Medical.

The number of Shares to be held by Highlight Medical immediately following the completion of the Global Offering has not taken into account Highlight Medical's subscription of Offer Shares pursuant to the relevant cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus.

(7) As of the Latest Practicable Date, Sungent Venture Limited directly held 1,930,700 Shares in our Company. Sungent Venture Limited was a wholly owned subsidiary of BioVenture Investment. To the best of our Directors' knowledge, BioVenture Investment is managed by SIP Sungent BioVenture Venture Capital Investment Partnership (LP) (蘇州工業園區元生創業投資管理有限公司), which is owned as to 51% by Ningbo Yuanjue Venture Capital Management Partnership (Limited Partnership) (寧波元珏創業投資管理合夥企業(有限合夥)) ("**Ningbo Yuanjue**"), as to 35% by Suzhou Sungent Holding Group Co., Ltd. (蘇州新建元控股集團有限公司) and as to 14% by Suzhou Industrial Park Bioindustry Development Co., Ltd. (蘇州工業園區生物產業發展有限公司). The general partner of Ningbo Yuanjue Venture Capital Management Partnership (Limited Partnership) (寧波元珏創業投資管理合夥企業(有限合夥)) is Mr. Jie Chen, one of our non-executive Directors. By virtue of the SFO, Mr. Jie Chen was deemed to have an interest in the Shares held by Sungent Venture Limited.

(8) To the best of our Directors' knowledge, Origin VC is indirectly wholly owned by Suzhou Industrial Park Administrative Committee (蘇州工業園區管理委員會). By virtue of the SFO, Suzhou Industrial Park Administrative Committee (蘇州工業園區管理委員會) deemed to have an interest in the Shares held by Origin VC.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to subscribe for a certain number of our Offer Shares (rounded down to the nearest whole board lot) at the Offer Price for an aggregate amount of US$115,000,000 (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$17.8 (being the low end of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed by the Cornerstone Investors would be 50,105,500 (rounded down to the nearest whole board lot), representing approximately (i) 54.26% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 47.18% of the Offer Shares, assuming that the Over-allotment Option is exercised in full; (iii) 13.56% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iv) 13.07% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is exercised in full. Assuming an Offer Price of HK$18.98 (being the approximate mid-point of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed by the Cornerstone Investors would be 46,990,000 (rounded down to the nearest whole board lot), representing approximately (i) 50.88% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 44.25% of the Offer Shares, assuming that the Over-allotment Option is exercised in full; (iii) 12.72% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iv) 12.26% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is exercised in full. Assuming an Offer Price of HK$20.15 (being the high end of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed by the Cornerstone Investors would be 44,261,000 (rounded down to the nearest whole board lot), representing approximately (i) 47.93% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 41.68% of the Offer Shares, assuming that the Over-allotment Option is exercised in full; (iii) 11.98% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iv) 11.55% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised. The number of Offer Shares which the Cornerstone Investors are entitled to as described in this section was calculated based on the exchange rates contained in the section headed "Information about this Prospectus and the Global Offering" in this prospectus for reference only. According to the relevant cornerstone investment agreements, the number of Offer Shares which the Cornerstone Investors are entitled to will be calculated at the exchange rate published by The Hongkong and Shanghai Banking Corporation Limited at 9:00 a.m. Hong Kong time on the Business Day immediately before the Price Determination Date.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, 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 two existing Shareholders who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain of the Underwriters in the Global Offering.

As confirmed by each of the Cornerstone Investors, the 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 Offer Price.

Each of the Cornerstone Investors has agreed that, if the requirement pursuant to Rule 8.08(3) of the Listing Rules, in which no more than 50% of the Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders cannot be satisfied, the Joint Global Coordinators and the Company have the right to adjust the allocation of the number of Shares to be purchased by the Cornerstone Investor in their sole and absolute discretion to satisfy the requirement pursuant to Rule 8.08(3) of the Listing Rules.

Two of the Cornerstone Investors, namely Highlight Medical and Cherry Cheeks, 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.

Save as disclosed above and to the best knowledge of the Company, (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 executives, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the two Cornerstone Investors which are existing Shareholders of our Company or their close associates as described above); (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executives, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will not be counted towards the public float of the Company pursuant to Rule 18A.07 of the Listing Rules. The Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted by any 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 "Structure of the Global Offering – The Hong Kong Public Offering".

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 21 May 2020. There will be no deferred settlement of Offer Shares to the Cornerstone Investors for the settlement over allocation in the International Offering. Cornerstone Investors have agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. The deferred delivery arrangement was in place to facilitate the over-allocation in the International Offering. In case of such a deferral, each Cornerstone Investor has agreed that it shall nevertheless pay for the relevant Offer Shares on the Listing Date. For details of the Over-allotment Option and the stabilisation action by the Stabilising Manager, please refer to the sections headed "Structure of the Global Offering – The International Offering – Over-allotment Option" and "Structure of the Global Offering – Stabilisation" in this prospectus, respectively.

CORNERSTONE INVESTORS

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors:

Cornerstone Investor	Investment Amount[Note]	Number of Shares subscribed for (rounded down to the nearest whole board lot of 500 Offer Shares)	Approximate % of total number of Offer Shares		Approximate % of total number of Shares immediately upon completion of the 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
HK$17.8 (being the low end of the indicative Offer Price range)						
Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司)	US$98,000,000	42,699,000	46.24%	40.21%	11.56%	11.14%
Foresight Orient Global Superior Choice SPC	US$5,000,000	2,178,500	2.36%	2.05%	0.59%	0.57%
Highlight Medical	US$5,000,000	2,178,500	2.36%	2.05%	0.59%	0.57%
Cherry Cheeks	US$7,000,000	3,049,500	3.30%	2.87%	0.83%	0.80%
Total	US$115,000,000	50,105,500	54.26%	47.18%	13.56%	13.07%
HK$18.98 (being the mid point of the indicative Offer Price range)						
Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司)	US$98,000,000	40,044,000	43.36%	37.71%	10.84%	10.45%
Foresight Orient Global Superior Choice SPC	US$5,000,000	2,043,000	2.21%	1.92%	0.55%	0.53%
Highlight Medical	US$5,000,000	2,043,000	2.21%	1.92%	0.55%	0.53%
Cherry Cheeks	US$7,000,000	2,860,000	3.10%	2.69%	0.77%	0.75%
Total	US$115,000,000	46,990,000	50.88%	44.25%	12.72%	12.26%
HK$20.15 (being the high end of the indicative Offer Price range)						
Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司)	US$98,000,000	37,719,000	40.84%	35.52%	10.21%	9.84%
Foresight Orient Global Superior Choice SPC	US$5,000,000	1,924,000	2.08%	1.81%	0.52%	0.50%
Highlight Medical	US$5,000,000	1,924,000	2.08%	1.81%	0.52%	0.50%
Cherry Cheeks	US$7,000,000	2,694,000	2.92%	2.54%	0.73%	0.70%
Total	US$115,000,000	44,261,000	47.93%	41.68%	11.98%	11.55%

Note: The investment amounts provided below are exclusive of brokerage of 1% SFC transaction levy of 0.0027% and Hong Kong Exchange trading fee of 0.005%.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. Zhuhai Gree Financial Investment Management Co. Ltd

Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司) ("**Zhuhai Gree**") is a company established under the laws of the PRC, principally engaged in equity investment, capital operation management, asset management, asset restructuring and mergers and acquisitions, financial advisory services. The ultimate shareholder of Zhuhai Gree is Zhuhai Gree Group Co., Ltd. (珠海格力集團有限公司), a company owned and supervised by the State-owned Assets Supervision and Administration Commission of the local government of Zhuhai, Guangdong Province in the PRC.

Following the completion of the Global Offering (except under the circumstance where the Offer Price is set at HK$20.15 (being the high end of the Offer Price range set out in this prospectus) and the Over-allotment Option is not exercised), Zhuhai Gree will become a substantial shareholder and a connected person of our Company.

2. Foresight Orient Global Superior Choice SPC

Foresight Orient Global Superior Choice SPC – Global Superior Choice Fund 1 SP ("**GSC Fund 1**") and Foresight Orient Global Superior Choice SPC – Vision Fund 1 SP ("**Vision Fund 1**") are both segregated portfolios of Foresight Orient Global Superior Choice SPC, which is a segregated portfolio company incorporated in the Cayman Islands, and managed by Orient Asset Management (Hong Kong) Limited with an amount of assets under management (AUM) of approximately US$2.17 billion as at 31 December 2019. Orient Asset Management (Hong Kong) Limited is a subsidiary of Orient Finance Holdings (Hong Kong) Limited, and a licensed corporation as defined under the SFO for Type 9 (asset management) regulated activities as defined under the SFO. Orient Finance Holdings (Hong Kong) Limited is a wholly owned subsidiary of DFZQ (東方證券股份有限公司), which is listed on the Stock Exchange (stock code: 3958) and Shanghai Stock Exchange (stock code: 600958). DFZQ's shareholders' approval is not required for the subscription of the Offer Shares by GSC Fund 1 and Vision Fund 1 pursuant to the relevant cornerstone investment agreement. Foresight Fund Management Co., Ltd, an asset management company based in Shanghai, founded by Mr. Guangming Chen, is the investment advisor to GSC Fund 1 and Vision Fund 1.

3. Highlight Medical

Highlight Medical is wholly owned by Highlight Capital Partners I L.P., an exempt limited partnership established in the Cayman Islands. The general partner of Highlight Capital Partners I L.P. is Highlight Capital GP I Company Limited, which is owned as to 70% by Seq Medical Limited, as to 20% by Sequoia Capital China GF Holdco III-A, Ltd., as to 5% by Gopher Capital GP Ltd. and as to 5% by RenJia Investment Pte. Ltd. As Seq Medical Limited is owned as to 85% by Mr. Stephen Hui Wang, by virtue of the SFO, Mr. Stephen Hui Wang will be deemed to have interest in the Shares held by Highlight Medical. Highlight Medical is one of our Pre-IPO Investors. For more details of Highlight Medical, please refer to the section headed "History, Development and Reorganisation".

4. Cherry Cheeks

Cherry Cheeks was incorporated in Hong Kong as a private company limited by shares on 10 November 2017, wholly owned by HL Partners II L.P.. The general partner of HL Partners II L.P. is HL GP II Company Limited. As HL GP II Company Limited is owned as to 91.25% by Mr. Stephen Hui Wang, by virtue of the SFO, Mr. Stephen Hui Wang was deemed to have interest in the Shares held by Cherry Cheeks. Cherry Cheeks is one of our Pre-IPO Investors. For more details of Cherry Cheeks, please refer to the section headed "History, Development and Reorganisation".

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:

(a) 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;

(b) the Offer Price having been agreed according to underwriting agreements and price determination agreement to be signed among the parties thereto in connection with the Global Offering;

(c) 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;

(d) 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

(e) the respective representations, warranties, acknowledgements, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are and will be accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF OFFER SHARES BY THE CORNERSTONE INVESTORS

Each of the above Cornerstone Investors has agreed and undertaken that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, effect any disposal (as defined in the respective cornerstone investment agreements) of any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreements.

Each Cornerstone Investor may transfer the Offer Shares so subscribed in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that, among other things, such wholly-owned subsidiary undertakes in writing that such wholly-owned subsidiary be bound by the Cornerstone Investor's obligations under the relevant cornerstone investment agreement.

OVERVIEW

Our Board currently consists of nine Directors, one of whom is an executive Director, five of whom are non-executive Directors and three of whom are independent non-executive Directors. The functions and duties of our Board include convening general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating our annual financial budget and final accounts and formulating our proposals for profit distributions, as well as exercising other powers, functions and duties as conferred by the Articles.

Our senior management is responsible for the day-to-day management and operation of our businesses.

The following table provides certain information in respect of the members of our Board:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Current Roles and Responsibilities in our Group
Dr. Youzhi Tong	58	Chairman of the Board, executive Director and chief executive officer	24 March 2009	16 May 2018	Primarily responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group
Dr. Chuangxing Guo	50	Non-executive Director	10 December 2009	12 August 2019	Primarily responsible for overseeing the corporate development and strategic planning of our Group
Mr. Gang Lu (陸剛)	48	Non-executive Director	12 August 2019	12 August 2019	Primarily responsible for overseeing the corporate development and strategic planning of our Group
Mr. Jie Chen (陳傑)	47	Non-executive Director	20 June 2014	12 August 2019	Primarily responsible for overseeing the corporate development and strategic planning of our Group
Dr. Bing Chen (陳兵)	35	Non-executive Director	12 August 2019	12 August 2019	Primarily responsible for overseeing the corporate development and strategic planning of our Group
Ms. Xiaoyan Chen (陳曉艷)	36	Non-executive Director	12 August 2019	12 August 2019	Primarily responsible for overseeing the corporate development and strategic planning of our Group
Dr. Michael Min Xu	55	Independent non-executive Director	12 August 2019	12 August 2019	Supervising and providing independent judgement to our Board
Dr. John Fenyu Jin	53	Independent non-executive Director	12 August 2019	12 August 2019	Supervising and providing independent judgement to our Board
Mr. Wallace Wai Yim Yeung (楊懷嚴)	56	Independent non-executive Director	12 August 2019	12 August 2019	Supervising and providing independent judgement to our Board

The following table provides information about members of our senior management team:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Current Roles and Responsibilities in our Group
Dr. Youzhi Tong	58	Chairman of the Board, executive Director and chief executive officer	24 March 2009	24 March 2009	Primarily responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group
Ms. Yan Lu (盧燕)	38	Chief financial officer	13 December 2019	13 December 2019	Primarily responsible for financial planning, investor relations and internal control of our Group
Dr. Xunwei Dong (董恂瑋)	48	Chief medical officer	1 November 2019	1 November 2019	Primarily responsible for clinical trial management
Dr. Guohao Zhou	60	Chief medical officer (USA)	1 August 2017	1 October 2019	Primarily responsible for clinical trial management
Mr. Mingming Yan (嚴明明)	42	Vice president of sales	17 June 2019	17 June 2019	Primarily responsible for our Group's sales and marketing including exploring and maintaining commercial distribution channels as well as promoting market access

DIRECTORS

Executive Director

Dr. Youzhi Tong, aged 58, is our chairman of the Board and chief executive officer. He is a founding member of our Group and was appointed as an executive Director on 16 May 2018. As our chief executive officer, Dr. Tong is primarily responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. Dr. Tong has accumulated over 17 years of experience in biopharmaceutical R&D and management. He is also a director of various members of our Group, namely Suzhou Kintor, Suzhou Koshine, Kintor Science, Koshine Pharmaceuticals and Kintor Pharmaceuticals. Prior to founding our Group in 2009, Dr. Tong served as an assistant professor of Albert Einstein College of Medicine from 1999 to 2001. He was a vice-president of Angion Biomedica Corp. from 2002 to 2008.

Dr. Tong graduated from Peking University with a bachelor's degree and a master's degree in chemistry in July 1984 and July 1988, respectively. He received his Ph.D. in pharmacology from Cornell University in January 1997.

Dr. Tong has been recognised as a "State Specially Recruited Expert" (國家特聘專家) in the eighth batch under the "One Thousand Foreign Experts Program" (千人計劃) for creative talents and entrepreneurs granted by the Ministry of Human Resources and Social Security of Organisation Department of the Central Committee of the Communist Party of China ("**CCCPC**"). In recognition of his dedication to his field, Dr. Tong has also received multiple designated funds from the U.S. National Institutes of Health and the Chinese government. In

2000, he received a fellows' research award from the North Shore – Long Island Jewish Research System. In 2000, he received a fellows' award from the Multiple Myeloma Research Foundation. In 1997, he received the AACR-Glaxo Welcome Oncology Clinical Research Scholar Award from the American Association for Cancer Research. Dr. Tong has also led a number of key national and provincial R&D projects.

Non-Executive Directors

Dr. Chuangxing Guo, aged 50, is a founding member of our Group and was appointed as a non-executive Director on 12 August 2019. Dr. Guo is primarily responsible for overseeing the corporate development and strategic planning of our Group. Dr. Guo has accumulated over 15 years of experience in the fields of pharmaceuticals R&D, medicinal chemistry and project management. He is also a director of Suzhou Kintor.

Prior to founding our Group in 2009, Dr. Guo was a research scientist of Agouron Pharmaceuticals, Inc. ("**Agouron**"), which was a group company of Pfizer Inc. from 1998 to 2012. While Dr. Guo did not directly participate in our Group's operations or R&D work prior to June 2012, he had been involved in the strategic planning of our Group's initial development since he co-founded our Group with Dr. Tong in 2009, leveraging his extensive experience in global pharmaceutical companies and in-depth knowledge in research fields which was complementary to Dr. Tong's area of expertise. Dr. Guo's contribution to our Group between 2009 and 2012 was at a strategic level without performing any services or participating in R&D work. His beneficial interest in our Group when he was employed by Agouron was not a breach of his employment contract. Following his departure from Agouron in March 2012, Dr. Guo started to become involved in our Group's operations and R&D work from June 2012.

Dr. Guo served as an associate research fellow of World Wide Medicinal Chemistry Oncology at Pfizer Inc. and led and directly participated in R&D projects for innovative new drugs.

Dr. Guo graduated from Peking University with a bachelor's degree in chemistry in July 1990. He obtained a master's degree in chemistry from State University of New York in December 1994 and his Ph.D. in chemistry from Purdue University in May 1998.

Dr. Guo has been recognised as a "State Specially Recruited Expert" (國家特聘專家) in the ninth batch under the "One Thousand Foreign Experts Program" (千人計劃) for creative talents and entrepreneurs granted by the Ministry of Human Resources and Social Security of Organisation Department of CCCPC. He received multiple awards from Pfizer Inc. in recognition of his contributions to Pin1/PAK4/RAF projects. Dr. Guo has published over 30 journal articles in the field of drug synthesis and design and owns 17 patents. He also served as a reviewer for international scientific journals, including the European Journal of Medicinal Chemistry.

Mr. Gang Lu (陸剛), aged 48, joined our group on 12 August 2019 and was appointed as non-executive Director on the same date. He is primarily responsible for overseeing the corporate development and strategic planning of our Group.

Mr. Lu has over 15 years of managing experience. Prior to joining our group, he was the partner of Beijing Legend Star Investment Management Co., Ltd (北京聯想之星投資管理有限公司) since January 2016. From May 2004 to December 2015, he was the deputy manager of business incubators investment department of Legend Holdings Limited (聯想控股有限公司). Mr. Lu obtained his master degree in business management from Tsinghua University (清華大學) in July 2004.

Mr. Jie Chen (陳傑), aged 47, joined our group in 1 July 2016 and was appointed as a non-executive Director on 12 August 2019. He is primarily responsible for overseeing the corporate development and strategic planning of our Group.

Mr. Chen has over 20 years of managerial experience in consulting, investment and multinational companies. Prior to joining our group, he co-founded SIP Sungent BioVenture Venture Capital Investment Partnership (LP) (蘇州工業園區元生創業投資管理有限公司). He was the senior vice president of GL Capital Group (德福資本) from 2010 to 2012. From 2008 to 2010, he was the director and general manager of CXC Capital, Inc (開投基金). Prior to that, he served as the business manager of professional product in Syngenta (China) Investment Co., Ltd from 2006 to 2008, as well as business development manager of Eaton (China) Investments Co. Ltd (伊頓(中國)投資有限公司) from 2004 to 2006. In addition, from 2002 to 2004 he served as a consultant in AT Kearney, a management consulting firm. He worked in Shell (China) Ltd from 1995 to 1999, with his last position as Guangzhou branch general manager.

Mr. Chen graduated from Sun Yat-Sen University with a bachelor's degree in economics in June 1995. He obtained his MBA degree from Cornell University in May 2002.

Dr. Bing Chen (陳兵), aged 35, was appointed as a non-executive Director on 12 August 2019. He is responsible for overseeing the corporate development and strategic planning of our Group. Dr. Chen is also a director of Suzhou Kintor.

Dr. Chen has served as a partner and innovative industry director at Jiangsu Highlight Equity Investment Management Co., Ltd (江蘇弘暉股權投資管理有限公司) since 2017, where he served as the executive director from 2015 to 2017 and vice president from 2014 to 2015. He was also the associate director at Infinity Group (英飛尼迪集團) in 2014 and assistant manager at China Resources Pharmaceutical Holdings Ltd (華潤醫藥控股有限公司) from 2011 to 2014.

Dr. Chen currently also serves as a director of multiple pharmaceutical companies including Zylox Medical Device Co., Ltd (浙江歸創醫療器械有限公司), Kontour (Xi'an) Medical Technology Co,. Ltd (西安康拓醫療技術有限公司), Chengdu Tuolan Medical Technology Co., Ltd (成都拓藍醫療技術有限公司), Shanghai EnnovaBio Pharmaceutical Co., Ltd (上海軼諾藥業有限公司), Genfleet Pharmaceutical (Shanghai) Co., Ltd (勁方醫藥科技(上海)有限公司) and Pumis Pharmaceutical Co., Ltd (普米斯生物技術(珠海)有限公司). He also acts as the supervisor of Sansure Biotech Inc (湖南聖湘生物科技有限公司) and Ningbo Taikang Pharmaceutical Technology Co., Ltd (寧波泰康醫藥科技有限公司).

Dr. Chen graduated from Peking Union Medical College at Tsinghua University (北京協和醫學院-清華大學醫學部) with a Doctor of Medicine degree in July 2011.

Dr. Chen is also a committee member of the Pharmaceutical Innovation Investment Specialty Committee at the China Pharmaceutical Innovation and Research and Development Association (中國醫藥工業創新促進會).

Ms. Xiaoyan Chen (陳曉豔), aged 36, was appointed as a non-executive Director on 12 August 2019. She is primarily responsible for overseeing the corporate development and strategic planning of our Group.

Ms. Chen has 12 years of asset management experience. Prior to joining our Group, Ms. Chen accumulated investment experience in the field of medical healthcare.

Ms. Chen has served as an investment director of the healthcare department at Shanghai Free Trade Zone Equity Fund Management Co., Ltd (上海自貿區股權投資基金管理有限公司) since 2015. She was also an investment manager in the asset management department at Cathay Lujiazui Life Insurance Co. Ltd. (陸家嘴國泰人壽保險有限責任公司) from 2007 to 2015.

Ms. Chen graduated from Southwestern University of Finance and Economics with a master's degree in economics in January 2008.

Independent Non-Executive Directors

Dr. Michael Min Xu, aged 55, was appointed as an independent non-executive Director on 12 August 2019. He is responsible for providing independent advice and judgement to our Board.

Dr. Xu has accumulated over 15 years of experience in biopharmaceutical R&D. He is the founder and chief executive officer of PegBio Co., Ltd (派格生物醫藥(蘇州)有限公司) which specialises in the development of drugs for chronic metabolic diseases. He started working at Xinfeng Biotechnology (Shanghai) Co., Ltd as the general manager (新峰生物科技(上海)有限公司) in 2002.

Dr. Xu graduated from Xiangya School of Medicine at Central South University (中南大學湘雅醫學院) with a bachelor's degree in medicine in June 1986. He later received his Ph.D from Columbia University in February 1996.

Dr. Xu has been recognised as a "State Specially Recruited Expert" (國家特聘專家) under the "One Thousand Foreign Experts Program" (千人計劃) for creative talents and entrepreneurs granted by the Ministry of Human Resources and Social Security of Organisation Department of CCCPC.

Dr. John Fenyu Jin, aged 53, was appointed as an independent non-executive Director on 12 August 2019. He is responsible for providing independent advice and judgement to our Board.

Dr. Jin has over 15 years of experience in managerial and advisory positions in pharmaceutical and biotechnology companies. Prior to joining our Group, he founded Hanne Capital (翰頤資本) in 2018, a PE/VC fund focused on health care investment. Before that he worked in Connex Consulting from July 2013 to June 2018 with his last position being chief executive officer. He was also the vice president of BeiGene Co. Ltd (百濟神州有限公司) (NASDAQ Stock Code: BGNE; Hong Kong Stock Code: 6160) from October 2011 to January 2013, as well as a vice president of TaiGen Biotechnology Co., Ltd (太景生物科技股份有限公司) from November 2009 to August 2011. In addition, from May 2005 to October 2009 he served as an executive director at Clearview Projects, Inc. He was a decision scientist at Eli Lilly and Company from May 2001 to April 2005 and a research scientist.

Dr. Jin graduated from the Medical College of Peking University in July 1990 with a bachelor's degree in medicine. He later obtained a Ph.D. from Cornell University in January 1998 and an MBA from the Wharton School of University of Pennsylvania in May 2002.

Mr. Wallace Wai Yim Yeung (楊懷嚴), aged 56, was appointed as an independent non-executive Director on 12 August 2019. He is responsible for providing independent advice and judgement to our Board.

Mr. Yeung has over 15 years of experience in an international accounting firm.

Prior to joining our Group, Mr. Yeung held senior financial positions in several Hong Kong Main Board listed companies. He worked in Deloitte Touche Tohmatsu in 2003, and served as a reorganisation services director from 2008 to 2018. Before that he served as the financial controller and company secretary of DTXS Silk Road Investment Holdings Company Ltd, formerly known as UDL Holdings Ltd, a company listed on the Stock Exchange (stock code: 620) in 2002. He also served as the financial controller of Amax Int'l Holdings Ltd, formerly known as Kessel Int'l Holdings Ltd, a company listed on the Stock Exchange (stock code: 959) from July 2001 to September 2001, and the financial controller of Kuangchi Science Ltd, formerly known as Climax Int'l Ltd, a company listed on the Stock Exchange (stock code: 439) from 1997 to June 2001.

Mr. Yeung graduated from the Hong Kong Shue Yan College with a Diploma in Accounting in July 1988, and obtained an MBA from the University of Warwick, United Kingdom in November 2011. He is a fellow member of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants, and is a member of the Hong Kong Securities and Investment Institute.

SENIOR MANAGEMENT

For further details of Dr. Tong, please see the paragraphs headed "Executive Director" in this section.

Ms. Yan Lu (盧燕), aged 38, was appointed as our Chief Financial Officer in December 2019. Ms. Lu is primarily responsible for financial planning, investor relations and internal control of our Group.

Prior to joining our Group, Ms. Lu has over 13 years of experience in investment banking business. Ms. Lu joined GF Capital (Hong Kong) Limited in July 2018 with her last position as the Director, head of investment banking business and Managing Director. From September 2007 to July 2018, Ms. Lu worked at UBS Securities Hong Kong Limited with her last position as an executive director in the Asian healthcare group. She has been a signing Principal for Hong Kong sponsorship IPOs since 2014, when she worked in UBS. From August 2006 to August 2007, Ms. Lu worked at Credit Suisse (Hong Kong) Limited as an analyst.

Ms. Lu obtained her bachelor's degree in finance from School of Finance in Renmin University of China (中國人民大學) in the PRC in July 2003, and her master's degree in finance from Guanghua School of Management in Peking University (北京大學) in the PRC in July 2005.

Dr. Xunwei Dong (董恂瑋), aged 48, joined our Group in November 2019 and is currently the chief medical officer of our Group. She is primarily responsible for coordinating, managing and overseeing the medical work of our Group. Dr. Dong has over 18 years of experience in pharmaceutical industry in both New Jersey and mainland of China, mainly engaging in clinical development and trials.

Prior to joining our Group, Dr. Dong worked in Novartis Pharmaceuticals in Shanghai and New Jersey since 2010 and was last held as a clinical development medical director. From February 2009 to February 2011, Dr. Dong served as a drug safety officer in Pfizer Investment Co., Ltd. From August 2004 to November 2004, Dr. Dong was employed by GlaxoSmithKline (China) Investment Co., Ltd. Dr. Dong also served as an attending surgeon in Hospital affiliated to Medical College of Dalian University from September 1993 to May 2003.

Dr. Dong obtained her degree of doctor from Chinese Academy of Medical Sciences & Peking Union Medical College in Internal Medicine in July 2010.

Dr. Guohao Zhou, aged 60, joined our Group in August 2017 and is currently the chief medical officer(USA) of our Group. He is primarily responsible for clinical trial management in the USA and maintaining good coordinations with PRC domestic team. Dr. Zhou has accumulated over 20 years of experience in oncology R&D and clinical trials, as well as over 20 years of experience in multinational pharmaceutical companies and CRO management.

Prior to joining our Group, Dr. Zhou joined Schering-Plough China, Inc. as a medical manager for a few years from 1995. He served as a senior director of clinical research in Astra-Zeneca Pharmaceutical in 2007. He served as a senior medical director in inVentiv Health Company from 2007 to 2016.

Dr. Zhou graduated from Shanghai First Medical College with a bachelor's degree in clinical medicine in August 1983. He received his Ph.D from Baylor College of Medicine in August 1992.

Mr. Mingming Yan (嚴明明), aged 42, joined our Group in June 2019 and is currently the vice president of sales. He is primarily responsible for our Group's sales and marketing including exploring and maintaining commercial distribution channels as well as promoting market access.

Mr Yan has extensive managerial experience in sales and marketing. Prior to joining our Group, he served as general manager of business unit and strategic alliance head in 3sBio Inc., a company listed on the Stock Exchange, (stock code: 1530) from 2016 to 2019, when he was responsible for the launch of Bydureon in Mainland China market, which is a medicine for treatment of diabetes. Prior to that he served as a marketing director for AstraZeneca (London Exchange stock code: AZN) from 2015 to 2016, as well as for Hisun-pfizer Pharmaceuticals Co. Ltd from 2014 to 2015. In addition, he was a marketing deputy director for XianJanssen Pharmaceutical Ltd (西安楊森製藥有限公司) from 2013 to 2014. He was also responsible for Tarceva's entry into Mainland China market, which is a medicine for treatment of non-small cell lung cancer, while he was a product manager in Roche Group from 2006 to 2008.

Mr. Yan graduated from University of Rennes I with a bachelor's degree in November 2003 and obtained a master's degree in medical law from University of Tours, France in May 2005.

Save as disclosed in this prospectus, none of our directors or senior management has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

JOINT COMPANY SECRETARIES

Dr. Jie Chen (陳潔), aged 37, was appointed as our joint company secretary on 20 November 2019. Dr. Chen joined our Group in July 2016 and served as a supervisor of the research and development of our chemistry department till November 2018 and was promoted as a deputy general manager since November 2018. Dr. Chen has over 7 years working experience as well as rich academic background relating to the scientific research and development in biology and chemistry field.

Dr. Chen conducted postdoctoral research in biochemistry at University of Texas Southwestern Medical Centre from March 2011 to August 2015, mainly engaging in the scientific research and related works.

Ms. Ching Man Yeung (楊靜文), aged 35, was appointed as our joint company secretary on 20 November 2019. Ms. Yeung currently serves as a vice president of SW Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司) ("**SWCS**"), where she is responsible for managing the company secretarial and compliance work for listed clients of SWCS. Prior to joining SWCS, Ms. Yeung worked for an international accounting firm and Listed Issuer Regulation, Listing & Regulatory Affairs Division of the Stock Exchange for over eleven years collectively. Ms. Yeung graduated from The Chinese University of Hong Kong with a bachelor's degree in Business Administration in 2006 and The University of Hong Kong with a master's degree of laws in Corporate and Financial Law in 2014. Ms. Yeung is currently a member of the Hong Kong Institute of Certified Public Accountants.

BOARD COMMITTEES

The Board delegates certain responsibilities to various committees. In accordance with the corporate governance practice prescribed in the Listing Rules, our Company has formed three Board committees, namely the audit committee, the remuneration committee and the nomination committee.

Audit Committee

We have established the audit committee of our Company on 27 April 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee of our Company consists of three members, being Mr. Wallace Wai Yim Yeung (楊懷嚴), Dr. Bing Chen (陳兵) and Dr. Michael Min Xu. Mr. Wallace Wai Yim Yeung (楊懷嚴) has been appointed as the chairman of the audit committee of our Company, and is the independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee of our Company are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

Remuneration Committee

We have established the remuneration committee of our Company on 27 April 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee of our Company consists of three members, being Dr. Michael Min Xu, Dr. Tong and Dr. John Fenyu Jin. Dr. Michael Min Xu, an independent non-executive Director, has been appointed as the chairman of the remuneration committee of our Company. The primary duties of the remuneration committee of our Company include, amongst others, the following matters: (i) making recommendations to our Directors on our policy and structure for remunerations of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; and (ii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

We have established the nomination committee of our Company on 27 April 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee comprises of three members, being Dr. Tong, Mr. Wallace

Wai Yim Yeung (楊懷嚴) and Dr. John Fenyu Jin. Dr. Tong has been appointed as the chairman of the nomination committee of our Company. The primary duties of the nomination committee of our Company are to make recommendations to our Directors on all new appointments of our Directors and senior management, interviewing nominees, to take up references and to consider related matters.

KEY TERMS OF CONTRACTS WITH SENIOR MANAGEMENT AND OTHER KEY PERSONNEL

We normally enter into (i) an employment contract; (ii) a confidentiality agreement and (iii) non-competition agreement with our senior management members and other key personnel. Below sets forth the key terms of the contracts we entered into with our senior management and other key personnel.

Employment Contract

Term

We usually enter into a two-year employment contract with our senior management members and other key personnel. After the expiration of the initial two-year term, both parties will usually enter into another three-year employment contract. Thereafter, either party may terminate the employment contract by giving not less than one month's written notice to the other party.

No conflict

During the term of the employment contract, if the employee entered into employment contract with other companies or employers and as a result, his work performance in our Company was seriously affected, we may choose to terminate the employment contract and hold the employee accountable for all of the loss incurred by us as a result of the breach.

Confidentiality Agreement

Scope of confidential information

The employee shall keep the following information confidential:

- our trade secrets, including information relating to our technology, operations, management and all research and development results which are not known to the public;
- any trade secrets, including the research and development progress and technology data of any new technology, new materials and new products that the employee gains access to during his term of employment; and
- other information of any nature made known to the employee during his term of employment in our Group.

Confidential obligations

The employee shall not disclose, copy or utilise such information beyond his scope of work, or disclose or allow it to be disclosed to any third party or any companies or parties with competing business with our Company who are without knowledge of such information.

Confidential period

The confidentiality obligations shall continue to be in effect after the departure of the employee, unless such trade secrets become public knowledge.

Disclosure obligation

During the term of employment, the employee shall immediately disclose to our Company all the information of any intellectual property, technology or trade secrets that is closely relevant to our Company's current or potential business, or research, developed by the employee (the "**Disclosure Obligation**").

Technical development achievements as result of employment

All technical development achievements produced by the employee solely or jointly with others (i) within his scope of work; (ii) in carrying out other assigned duties, or (iii) using resources or technical information of our Company, shall be the result of his employment. All intellectual property rights or other property rights in relation to these technical achievements shall belong to our Company in all respects. Throughout the term of the Disclosure Obligation, the employee is obliged to take all required actions to assist our Company in maintenance of any rights relevant to such achievements.

Technical achievements not result of employment

Unless the technical achievements is related to or can be proved it is related to the business, potential business or technical development of our Company, the employee shall personally own the intellectual property rights to such achievements if such technical achievements he is in the opinion that are not the result of his employment and he does not use any resources or technical information of our Company.

Non-competition Agreement

Non-competition obligation

Within the period of employment and 24 months from the date of an employee's departure (the "**Non-competition Period")**, he/she shall not engage in any business that competes with our Company, nor shall he/she have any competitive relationship with our Company or other interests. He/she shall not directly or indirectly hold more than 5% equity of any company that has a competitive relationship with our Company in any form.

Non-competition compensation

Within the Non-competition Period, our Company shall pay the employee a monthly non-competition compensation from the date of the departure of the employee. The amount of compensation shall be compensated according to the standard of one-third of the average salary of 12 months immediately preceding the termination or expiration of the employment contract (the "**Non-competition Compensation**").

Violation of agreement

In the event that the employee violates the terms of the non-competition agreement, he/she shall fully refund the Non-competition Compensation and pay a further penalty to our Company. Our Company shall have the right to request further compensation if liquidated damages are not sufficient.

THE CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Dr. Tong is currently the Chairman and the Chief Executive Officer of our Company.

The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Dr. Tong has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority is adequately ensured by the operation of the Board which comprises reputable and experienced individuals including three independent non-executive Directors. The Board considers this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider separating the roles of Chairman and Chief Executive Officer of our Company when it deems appropriate and suitable after taking into account the circumstances of our Group as a whole.

COMPENSATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The aggregate amount of remuneration our Directors have received (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) for the years ended 31 December 2018 and 2019 was approximately RMB2.7 million and RMB3.8 million, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind paid to the five highest paid individuals of our Company, including Directors, for the years ended 31 December 2018 and 2019 was approximately RMB9.1 million and RMB9.1 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the years ended 31 December 2018 and 2019. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 31 December 2018 and 2019 by our Group to our Directors. Please refer to "Appendix V – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Particulars of Service Contracts and Letters of Appointment" to this prospectus for further details of our Directors' service contracts and letters of appointment. Please refer to the Accountant's Report set out in Appendix I to this prospectus for further details of the remuneration of each Director during the Track Record Period.

The Articles provide that the ordinary remuneration of our Directors shall from time to time be determined by our Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree. The Board will also review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendations from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Board Diversity Policy

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve 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, investment, auditing and accounting. They obtained degrees in various areas including chemistry, pharmacology, business management, economics, medicine and accounting. Furthermore, currently, one of our Directors is female and our Directors range from 35 years old to 57 years old. After Listing, our nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Board is responsible for reviewing the diversity of our Board. Subsequent to the Listing, our Board will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

COMPLIANCE ADVISER

Our Company has appointed Red Solar Capital Limited as the compliance adviser (the "**Compliance Adviser**") upon listing of the Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to our Company when consulted by our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

EMPLOYEE INCENTIVE SCHEME

In order to assist our Company in attracting, retaining and motivating key employees and other individuals, our Company has adopted the Employee Incentive Scheme. Please refer to "Appendix V – Statutory and General Information – D. Employee Incentive Scheme" to this prospectus for further details of the principal terms of our Employee Incentive Scheme.

WAIVER FROM 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 the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. Please refer to "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Management Presence in Hong Kong" of this prospectus for further details of the waiver.

FUTURE PLANS

Please refer to "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,642.7 million after deducting the underwriting commissions and other estimated expenses in relation to the Global Offering (not taking into account any additional discretionary incentive fee which may be paid by our Company), assuming an Offer Price of HK$18.98 per Share, being the mid-point of the indicative Offer Price range of HK$17.80 to HK$20.15 per Share. We intend to use the net proceeds we receive from the Global Offering as follows:

- approximately 42% of the net proceeds (approximately HK$689.9 million) allocated to the development and commercialisation of one of our Core Products, Proxalutamide, as follows:

  - clinical trials: approximately 20% of the net proceeds (approximately HK$328.5 million) will be allocated to the ongoing and planned clinical trials for Proxalutamide in China and approximately 7% of the net proceeds (approximately HK$115.0 million) will be allocated to the ongoing and planned clinical trials for Proxalutamide in the United States;

  - manufacturing: approximately 9% of the net proceeds (approximately HK$147.8 million) will be allocated to the construction of GMP-compliant production line in preparation for the commercialisation of Proxalutamide. Please refer to the section headed "Business – Commercialisation" for further details;

  - sales and marketing: approximately 6% of the net proceeds (approximately HK$98.6 million) will be allocated to the preparation for commercialisation of Proxalutamide. We plan to bring on board a full sales and marketing team consisting of over 100 personnel for the sales and marketing of Proxalutamide in China;

- approximately 28% of the net proceeds (approximately HK$460.0 million) allocated to the development and commercialisation of one of our Core Products, Pyrilutamide, as follows:

  - clinical trials: approximately 6% of the net proceeds (approximately HK$98.6 million) will be allocated to the ongoing and planned clinical trials for Pyrilutamide in China and approximately 7% of the net proceeds (approximately HK115.0 million) will be allocated to the ongoing and planned clinical trials for Pyrilutamide in the United States;

  - manufacturing: approximately 8% of the net proceeds (approximately HK$131.4 million) will be allocated to the construction of GMP-compliant production line in preparation for the commercialisation of Pyrilutamide. Please refer to the section headed "Business – Commercialisation" for further details;

  - sales and marketing: approximately 7% of the net proceeds (approximately HK$115.0 million) will be allocated to establishing the sales and marketing infrastructure for Pyrilutamide;

- approximately 4% of the net proceeds (approximately HK$65.7 million) allocated to the development for our clinical stage drug candidate ALK-1:

  - clinical trials: approximately 3% of the net proceeds (approximately HK$49.3 million) will be allocated to the clinical trials of ALK-1 in China;

  - manufacturing: approximately 1% of the net proceeds (approximately HK$16.4 million) will be allocated to the application for clinical trials registration and the manufacture of ALK-1 in China;

- approximately 4% of the net proceeds (approximately HK$65.7 million) allocated to the development for our clinical stage drug candidate Detorsertib:

  - clinical trials: approximately 0.5% of the net proceeds (approximately HK$8.2 million) will be allocated to the clinical trials of Detorsertib in China;

  - manufacturing: approximately 3.5% of the net proceeds (approximately HK$57.5 million) will be allocated to the manufacture of Detorsertib in China;

- approximately 4% of the net proceeds (approximately HK$65.7 million) allocated to the development of our clinical stage drug candidate GT1708F (Hedgehog/SMO Inhibitor):

  - clinical trials: approximately 0.5% of the net proceeds (approximately HK$8.2 million) will be allocated to the clinical trials of GT1708F in China;

  - manufacturing: approximately 3.5% of the net proceeds (approximately HK$57.5 million) will be allocated to the manufacture of GT1708F in China;

- approximately 2% of the net proceeds (approximately HK$32.9 million) allocated to other clinical study projects;

- approximately 6% of the net proceeds (approximately HK$98.6 million) allocated to the R&D of our pre-clinical stage drug candidates; and

- approximately 10% of the net proceeds (approximately HK$164.3 million) allocated to our working capital and general corporate purposes.

If the Offer Price is set at HK$20.15 per Share, being the high end of the indicative Offer Price range, the net proceeds of the Global Offering will increase to approximately HK$1,747.5 million. If the Offer Price is set at HK$17.80 per Share, being the low end of the indicative Offer Price range, the net proceeds of the Global Offering will decrease to approximately HK$1,537.0 million. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range.

If the Over-allotment Option is exercised in full, the additional net proceeds that our Company will receive will be approximately HK$255.0 million, assuming an Offer Price of HK$18.98 per Share, being the mid-point of the proposed Offer Price range. Our Company may be required to issue up to an aggregate of 13,852,000 additional Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in accordance with our Investment Policy. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We currently have no specific plans as to how the net proceeds from this Global Offering will be allocated beyond the uses specified above, and therefore management will retain discretion to allocate the remainder of the net proceeds of this Global Offering among these uses.

This expected use of the net proceeds from this Global Offering represents our intentions based upon our current plans and business conditions. As of the Latest Practicable Date, we could not predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this Global Offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our drug development programmes, the status of and results from pre-clinical studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our drug candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this Global Offering and may change the allocation of use of these proceeds among the uses described above. An investor will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds.

We will issue an appropriate announcement if there is any material change in the abovementioned use of proceeds.

HONG KONG UNDERWRITERS

Huatai Financial Holdings (Hong Kong) Limited
UBS AG Hong Kong Branch
China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
China Renaissance Securities (Hong Kong) Limited
Haitong International Securities Company Limited
CCB International Capital Limited
China Everbright Securities (HK) Limited
SPDB International Capital Limited
Futu Securities International (Hong Kong) Limited
Alpha International Securities (HONG KONG) 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 Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 9,235,000 Hong Kong Offer Shares and the International Offering of initially 83,112,500 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 or around 10 May 2020. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the 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 having been withdrawn and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares 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 on, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if any of the events set out below occur prior to 8:00 a.m. on the Listing Date:

(A) there shall develop, occur, come into existence or come into effect:

(a) any event or series of events or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreak of disease (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), accidents or prolonged interruption or delay in transportation, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, 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 United States, the United Kingdom, the European Union, the Cayman Islands or any jurisdiction relevant to any member of our Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(b) any change or development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing any change or development involving a change or development, 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, without limitation, a change 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; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) 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 other competent authority), London, the PRC, the European Union or any other Relevant Jurisdictions (declared by the relevant authorities), or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of those places or jurisdictions; or

(e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(g) a 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, without limitation, a material devaluation of the Hong Kong dollar, United States dollar or the Renminbi 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 Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or

(h) any litigation, dispute, legal action, arbitration, proceeding or claim of any third party being threatened or instigated against any Director and/or any member of our Group; or

(i) any Director or chief financial officer of our Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or chief financial officer of our Company in his or her capacity as such, or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(j) the chairman or chief executive officer of our Company, any other Directors vacating his office in our Company (other than by reason of death, incapacity or serious illness); or

(k) an authority or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(l) a contravention by any member of our Group, or any Director of the Listing Rules or applicable laws; or

(m) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(n) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(o) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer, subscription and sale of the Offer Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(p) an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our 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 assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(q) any legitimate demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (1) has or will have or is reasonably expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial, operational or otherwise, or performance of our Group as a whole; or (2) has or will have or is reasonably expected to have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or is reasonably expected to make it inadvisable or impracticable or incapable for the Global Offering to be implemented or to proceed as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Hong Kong Public Offering Documents; or (4) has or will have or is reasonably expected to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying 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 Global Coordinators:

(a) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or reasonable assumptions, when taken as a whole; or

(b) that 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 any of the Hong Kong Public Offering documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) any material breach of any of the obligations imposed upon our Company; or

(d) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement, as applicable; or

(e) any material adverse change, or any development involving a prospective adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial, operational or otherwise, or performance of the Group as a whole and the effect of which is, in the sole and absolute opinion of the Joint Global Coordinators, so material and adverse as to make it impracticable or inadvisable to proceed with the Global Offering; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by any of the warrantors (as applicable) under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement, as applicable; or

(g) that approval by or agreement to approve by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, that the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(h) that any of the experts specified in this prospectus (other than the Sole Sponsor) has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(i) a withdrawal by our Company of this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of us (whether or not of a class already listed) or

enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of the Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 (1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering or for any lending of the Shares pursuant to the Stock Borrowing Agreement, he or it will not (and will procure that the relevant registered holder(s) will not):

(i) in the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner; and

(ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a Controlling Shareholder of us,

in each case, save as permitted under the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

We have undertaken to the Sole Sponsor, the Joint Global Coordinators, the Hong Kong Underwriters and each of them not to save for the issue, offer or sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the issue of Shares pursuant to the Capitalisation Issue, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) (such consent not to be unreasonably withheld) and unless in compliance with 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 falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, right or contract to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create 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 our Company or any interest 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 deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares); 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 or announce or publicly disclose any intention to effect such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other shares or 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**"), our Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces or publicly discloses any intention to effect any such transaction, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

The Controlling Shareholders undertake to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Sole Sponsor to procure that the Company will comply with its obligations set out above.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders jointly and severally undertakes to our Company, the Sole Sponsor, the Joint Global Coordinators, and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for each of them and on behalf of the other Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) save for any lending of Shares by our Controlling Shareholders pursuant to the Stock Borrowing Agreement, he/it will not and will procure none of his/its affiliates will, at any time during the First Six-Month Period:

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent

the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(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 announce or publicly disclose any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period); and

(b) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers or contracts to or agrees to, or announces or publicly discloses any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company.

Further undertakings by our Company and our Controlling Shareholders

Our Company and our Controlling Shareholders have undertaken to each of the Joint Global Coordinators and the Hong Kong Underwriters that our Company shall, and our Controlling Shareholders shall procure our Company to (i) obtain the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld) before it gives any consent to any Pre-IPO Investor pursuant to the lock-up provision of the Shareholders Agreement as disclosed in the section headed "History, Development and Reorganisation – Lock-up Arrangement"; and (ii) in the event that our Company is aware of any breach of the lock-up provision of the Shareholders Agreement by any Pre-IPO Investor, enforce such section in accordance with the Shareholders Agreement, including (without limitation) to refer to and finally be resolved by arbitration or to seek specific performance or injunctive or other equitable relief.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing 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 other securities of us or any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or other securities of us or any other member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, we and our Controlling Shareholders expect to enter into the International Underwriting Agreement with, among others, the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offer Shares 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 or is terminated, the Global Offering will not proceed. Please refer to the section headed "Structure of the Global Offering – The International Offering" in this prospectus.

Over-allotment Option

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (for themselves and 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 which we may be required to allot and issue up to an aggregate of 13,852,000 additional Shares representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in the International Offering.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company with respect to the new Offer Shares to be issued by our Company under the Global Offering (including pursuant to the exercise of the Over-allotment Option). We may, at its sole direction, pay to the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) an incentive fee up to 1.0% of the Offer Price multiplied by the total number of Hong Kong Offer Shares.

The aggregate underwriting commissions and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses in relation to the Global Offering are estimated to be approximately RMB100.3 million (equivalent to approximately HK$110.1 million) (assuming an Offer Price of HK$18.98 per Offer Share (which is the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised at all) and will be paid by us.

Indemnity

We and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us and our Controlling Shareholders of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising 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 the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of us and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debts.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or 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. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price 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 stock 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, which 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 stabilising 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 Stabilising Manager or any person acting for it) may 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 stabilising 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 us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has 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 and to be issued as mentioned in this prospectus.

The Global Offering (subject to reallocation and the Over-allotment Option) comprises:

(i) the Hong Kong Public Offering of initially 9,235,000 Shares (subject to reallocation) in Hong Kong as described in the subsection headed "– *The Hong Kong Public Offering*" below; and

(ii) the International Offering of initially 83,112,500 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States 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, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as described in the subsection headed "– *The International Offering*" below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 25% of the issued share capital of our Company immediately following the 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 27.7% of our enlarged issued share capital immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the subsection headed *"– the Hong Kong Public Offering – Reallocation*" below.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 9,235,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the total issued share capital of our Company 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. 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.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the subsection headed "– *Conditions of the Global Offering*" below.

Allocation

Allocation of 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. Such allocation could, where appropriate, consist of balloting, which could 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 total number of Hong Kong Offer Shares available 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 and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such undersubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 4,617,500 Hong Kong Offer Shares (being 50% of the 9,235,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. If the number of Offer Shares validly applied for under 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 total number of Offer Shares initially available under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, 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 Offer Shares available under the Hong Kong Public Offering will be increased to 27,704,500 Offer Shares (in the case of (i)), 36,939,000 Offer Shares (in the case of (ii)) and 46,174,000 Offer Shares (in the case of (iii)), 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). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, (i) the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall not be more than double the initial allocation to the Hong Kong Public Offering, i.e. 18,470,000 Offer Shares, representing approximately 20% of the total number of Offer Shares initially available under the Global Offering; (ii) the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK$17.80 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the allotment results announcement of the Global Offering, which is expected to be published on Thursday, 21 May 2020.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$20.15 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting

to a total of HK$10,176.52 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in the subsection headed "– *Pricing and Allocation*" below, is less than the maximum Offer Price of HK$20.15 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See the section headed "*How to Apply for Hong Kong Offer Shares*" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above and the Over-allotment Option, the International Offering will consist of an offering of initially 83,112,500 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 22.50% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. 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. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "– *Pricing and Allocation*" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and 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 Global Coordinators so as to allow them 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.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "– *The Hong Kong Public Offering – Reallocation*" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 13,852,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.61% of the enlarged total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising 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 minimising any reduction in the market price of the Shares, (iii) purchasing, or agreeing to purchase, 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 minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on 14 June 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, amongst others, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may choose to borrow up to 13,852,000 Shares (being the maximum number of the Shares which may be issued pursuant to the exercise of the Over-allotment Option) from KT International pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager (or any person acting for it) and KT International on or around Price Determination Date, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement is entered into, it will only be effected by the Stabilising Manager (or any person acting for it) for the settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of the Shares so borrowed must be returned to KT International or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to KT International by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, 15 May 2020 and, in any event, not later than Thursday, 21 May 2020, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$20.15 per Offer Share and is expected to be not less than HK$17.80 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum offer price of HK$20.15 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$10,176.52 for one board lot of 500 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 Offer 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 Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), may, where they deem appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the 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, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of our

Company and the Stock Exchange at **www.kintor.com.cn** and **www.hkexnews.hk**, respectively, notices of the reduction. 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.

The Company will also, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering:

(a) issue a supplemental prospectus, as the relevant laws or government authority or regulatory authorities may require as soon as practicable following the decision to make the change, updating investors of such reduction together with an update of all financial and other information in connection with such change;

(b) where appropriate, extend the period under which the Global Offering was open for acceptance to allow potential investors the sufficient time to consider their subscriptions or reconsider their existing subscriptions; and

(c) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

Upon the issue of such a notice and such a supplemental prospectus, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range.

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 Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the indicative Offer Price range stated in this prospectus. If the number of Offer Shares and/or the Offer Price is reduced, applicants who have submitted an application under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "*How to Apply for Hong Kong Offer Shares – 11. Publication of Results*" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional and is subject to, among other things, us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed "*Underwriting*" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the Main Board of the Stock Exchange, and such listing and permission not subsequently having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the Offer Price having been agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and 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).

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Thursday, 21 May 2020, 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, amongst other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and us at **www.kintor.com.cn** on the next day following such lapse. In such a situation, 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 – 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks 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 at 8:00 a.m. on Friday, 22 May 2020 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "*Underwriting*" in this prospectus has not been exercised.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 22 May 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 22 May 2020.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 9939.

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 Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly 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 Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of 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 the shares in the Company and/or any its subsidiaries;
- are a Director or chief executive of the Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- 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
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 12 May 2020 until 12:00 noon on Friday, 15 May 2020 from:

(i) any of the following offices of the Joint Global Coordinators:

Huatai Financial Holdings (Hong Kong) Limited	62/F, The Center, 99 Queen's Road Central, Central, Hong Kong
UBS AG Hong Kong Branch	52/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
China International Capital Corporation Hong Kong Securities Limited	29/F, One International Financial Centre 1 Harbour View Street Central Hong Kong

(ii) any of the following branches of the receiving banks:

Bank of China (Hong Kong) Limited

	Branch	Address
Hong Kong Island	Central District (Wing On House) Branch	B/F-2/F, Wing On House 71 Des Voeux Road Central Central
	North Point (King's Centre) Branch	193-209 King's Road North Point
Kowloon	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza No. 33 Wai Yip Street Kowloon Bay
	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers 96 Granville Road Tsim Sha Tsui East
New Territories	Kau Yuk Road Branch	18-24 Kau Yuk Road Yuen Long

Standard Chartered Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island	Central Branch	G/F, 1/F, 2/F and 27/F Two Chinachem Central 26 Des Voeux Road Central
	Causeway Bay Branch	G/F to 2/F Yee Wah Mansion 38-40A Yee Wo Street Causeway Bay
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F 617-623 Nathan Road Mongkok
	Tsimshatsui Branch	Shop G30 & B117-23, G/F Mira Place One 132 Nathan Road Tsim Sha Tsui
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F Jade Plaza 298 Sha Tsui Road Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 12 May 2020 until 12:00 noon on Friday, 15 May 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 "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – KINTOR PHARMACEUTICAL PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Tuesday, 12 May 2020 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 13 May 2020 – 9:00 a.m. to 5:00 p.m.
- Thursday, 14 May 2020 – 9:00 a.m. to 5:00 p.m.
- Friday, 15 May 2020 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 15 May 2020, the last day for applications or such later time as described in the section headed "– 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

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, amongst other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Cayman Companies Law and the Memorandum and 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 set out 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 in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks 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 neither the Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise 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 may be required under the Memorandum and Articles of Association, and 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 are eligible 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, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation 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 through the **White Form eIPO** service by you or by anyone 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 his/her/its agent.

Additional Instructions for YELLOW Application Form

You should refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM EIPO SERVICE

General

Individuals who meet the criteria in the section headed "– 2. Who can apply" above may apply through the **White Form eIPO** service for the Offer Shares to be allocated 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 **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 service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, 12 May 2020 until 11:30 a.m. on Friday, 15 May 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 15 May 2020 or such later time under the section headed "– 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, 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** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

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 "**KINTOR PHARMACEUTICAL LIMITED**" **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 +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service 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 this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and the 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 allocated 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 his/her/its agent;
- **confirm** that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make 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 allocated to you and to such other register as may be required under the Memorandum and Articles of Association, and send 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/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representation, save as set out in any supplement to this prospectus;

- **agree** that neither the Company nor the Relevant Persons is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons;

- **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 30th day after the prospectus date, or the latest business day before that date, such agreement to take effect as a collateral contract with the Company in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the 30th day after the prospectus date, or the latest business day before that date, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the 30th day after the prospectus date, or the latest business day before that date 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 Provision) 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 Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for 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, Cayman Companies Law and the Memorandum and 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 Stock Exchange trading fee) by crediting your designed 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 500 Hong Kong Offer Shares. Instructions for more than 500 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, 12 May 2020 – 9:00 a.m. to 8:30 p.m.

- Wednesday, 13 May 2020 – 8:00 a.m. to 8:30 p.m.

- Thursday, 14 May 2020 – 8:00 a.m. to 8:30 p.m.

- Friday, 15 May 2020 – 8:00 a.m. to 12:00 noon

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 12 May 2020 until 12:00 noon on Friday, 15 May 2020 (24 hours daily, except on Friday, 15 May 2020, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 15 May 2020, the last day for applications or such later time as described in the section headed "– 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance)

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks 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 the Hong Kong Offer Shares by giving e**lectronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Relevant Persons and the **White Form eIPO** Service Provider 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 allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in 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, 15 May 2020, the last day for applications, or such later time as described in the section headed "– 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through 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 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 Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Shares Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Shares 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 and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; or
- "extreme conditions" caused by a super typhoon

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 May 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 15 May 2020 or if there is a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 21 May 2020 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.kintor.com.cn** 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 date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.kintor.com.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 21 May 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, 21 May 2020 to 12:00 midnight on Wednesday, 27 May 2020;

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Thursday, 21 May 2020 to Friday, 22 May 2020 and from Monday, 25 May 2020 to Tuesday, 26 May 2020; and

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 21 May 2020 to Monday, 25 May 2020 at the receiving banks' designated branches as set out above.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" 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 ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated 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 30th day after the prospectus date, or the latest business day before that date. 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 the 30th day after the prospectus date, or the latest business day before that date:

(i) 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 Friday, 22 May 2020 (being 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; or

(ii) if any supplement to this prospectus is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares is void:

The allocation 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 Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$20.15 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 the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the 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, 21 May 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated 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 allocated 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 encasement 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 dispatch/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, 21 May 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, 22 May 2020 provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 21 May 2020 or such other date as notified by the Company 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 provide 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 collect your refund cheque(s) and/or Share certificate(s) personally (where applicable) within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 21 May 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 and have provided all information required by your Application Form, 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, 21 May 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, 21 May 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 Offering Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the subsection headed "– 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 21 May 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. 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.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 21 May 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 collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 21 May 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund 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, 21 May 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 allocation of the Hong Kong Public Offering in the manner specified in the subsection headed "-11. Publication of Results" above on Thursday, 21 May 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 21 May 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 allocated 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 allocated 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, 21 May 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, 21 May 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange 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 set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KINTOR PHARMACEUTICAL LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Kintor Pharmaceutical Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-52, which comprises the consolidated statements of financial position as at 31 December 2018 and 2019, the company statements of financial position as at 31 December 2018 and 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 12 May 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 2019 and the consolidated financial position of the Group as at 31 December 2018 and 2019, and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
12 May 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 accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	**2018**	**2019**
		RMB'000	*RMB'000*
Revenue	*5*	698	–
Cost of sales	*7*	(689)	–
Gross profit		9	–
Other income	*6*	12,298	19,018
Distribution and marketing costs	*7*	–	(336)
Administrative expenses	*7*	(24,104)	(32,763)
Research and development costs	*7*	(93,198)	(214,019)
Other gains/(losses) – net	*8*	518	(587)
Operating loss		(104,477)	(228,687)
Finance costs – net	*9*	(4,007)	(3,890)
Loss before income tax		(108,484)	(232,577)
Income tax expense	*11*	–	–
Loss and total comprehensive loss for the year attributable to the equity holders of the Company		(108,484)	(232,577)
Basic and diluted loss per share for loss attributable to the equity holders of the Company (in RMB)	*13*	(4.97)	(9.72)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2018 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	9,165	98,369
Intangible assets	*16*	172,484	179,299
Right-of-use assets	*15*	14,070	14,412
Other non-current assets	*17*	9,535	40,683
		205,254	332,763
Current assets			
Other receivables, deposits and prepayments	*19*	14,296	25,081
Cash and cash equivalents	*21*	137,513	195,532
Restricted cash	*21*	66,534	–
		218,343	220,613
Total assets		423,597	553,376
Liabilities			
Non-current liabilities			
Borrowings	*22*	22,000	–
Lease liabilities	*23*	2,717	2,311
Deferred income tax liabilities	*26*	38,818	38,818
		63,535	41,129
Current liabilities			
Trade and other payables	*25*	18,290	79,999
Borrowings	*22*	43,000	58,700
Lease liabilities	*23*	1,926	3,086
Deferred income	*24*	846	798
Amounts due to related parties	*32*	44,323	–
		108,385	142,583
Total liabilities		171,920	183,712
Equity			
Equity attributable to the equity holders of the Company			
Share capital	*27*	–	17
Combined capital	*27*	16,685	–
Reserves	*29*	234,992	369,647
Total equity		251,677	369,664
Total equity and liabilities		423,597	553,376

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December 2018 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries	*1.2*	115,114	3,010,531
Current assets			
Other receivables, deposits and prepayments	*19*	2,800	184,377
Cash and cash equivalents	*21*	–	129,615
Total assets		117,914	3,324,523
Liabilities			
Current liabilities			
Other payables	*25*	2,800	12,099
Total liabilities		2,800	12,099
Equity			
Equity attributable to the equity holders of the Company			
Share capital	*27*	–	17
Reserves	*29*	115,114	3,312,407
Total equity		115,114	3,312,424
Total equity and liabilities		117,914	3,324,523

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000* *(Note 27)*	Combined capital *RMB'000* *(Notes 27 and 29)*	Capital accumulation reserve *RMB'000* *(Note 29)*	Share held for employee share scheme *RMB'000* *(Note 28)*	Accumulated losses *RMB'000* *(Note 29)*	Total equity *RMB'000*
Balance at 1 January 2018	–	19,655	60,537	(2,745)	(78,018)	(571)
Loss and total comprehensive loss for the year	–	–	–	–	(108,484)	(108,484)
Transactions with owners in their capacity as owners						
Increase of capital of Suzhou Kintor *(Note 29 (b))*	–	3,240	283,739	–	–	286,979
Capital reduction of Suzhou Kintor *(Note 29 (c) and (d))*	–	(6,210)	(37,896)	2,745	–	(41,361)
Acquisition of a subsidiary *(Note 31)*	–*	–	115,114	–	–	115,114
	–*	(2,970)	360,957	2,745	–	360,732
Balance at 31 December 2018	–*	16,685	421,494	–	(186,502)	251,677
Balance at 1 January 2019	–*	16,685	421,494	–	(186,502)	251,677
Loss and total comprehensive loss for the year	–	–	–	–	(232,577)	(232,577)
Transactions with owners in their capacity as owners						
Shares issued by the Company to swap for shares in Suzhou Kintor in connection with the Reorgnisation *(Note 29 (f))*	15	(16,685)	57,384	–	–	40,714
Waiver of consideration payables for the repurchase of shares under the employee share scheme *(Note 28)*	–	–	2,745	–	–	2,745
Increase of capital of the Company *(Note 29 (g))*	2	–	307,103	–	–	307,105
	17	(16,685)	367,232	–	–	350,564
Balance at 31 December 2019	17	–	788,726	–	(419,079)	369,664

* The amount is less than RMB1,000

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2018 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	30	(111,301)	(225,926)
Interest paid		(4,633)	(3,592)
Interest received	6	1,066	1,476
Net cash used in operating activities		(114,868)	(228,042)
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,249)	(67,241)
Acquisition of a subsidiary, net of cash acquired	31	577	–
Proceeds from disposal of property, plant and equipment		143	–
Purchases of financial assets at fair value through profit or loss	20	(51,000)	–
Purchases of financial assets measured at amortized cost	6	(170,000)	(55,000)
Proceeds from disposal of financial assets at fair value through profit or loss		67,932	–
Proceeds from disposal of financial assets measured at amortized cost	6	173,550	55,578
Purchase of intangible assets		(14,167)	(6,884)
Payments for restricted cash	22	(66,534)	–
Proceeds from restricted cash		–	66,534
Net cash used in investing activities		(64,748)	(7,013)
Cash flows from financing activities			
Principal elements of lease liabilities		(981)	(2,818)
Proceeds from borrowings		75,000	58,700
Repayments of borrowings		(55,000)	(65,000)
Capital contribution from equity holders		286,979	347,819
Payment for listing expenses		(2,062)	(1,972)
Capital reduction from equity holders		–	(40,877)
Net cash generated from financing activities		303,936	295,852
Net increase in cash and cash equivalents		124,320	60,797
Cash and cash equivalents at the beginning of the year		13,193	137,513
Exchange losses on cash and cash equivalents		–	(2,778)
Cash and cash equivalents at the end of the year	21	137,513	195,532

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION REORGANISATION

1.1 General information

Kintor Pharmaceutical Limited (the "Company") was incorporated on 16 May 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, "the Group") are principally engaged in research and development of innovative medicine products (the "Listing Business").

1.2 Reorganisation

The Group underwent a group reorganisation (the "Reorganisation"), pursuant to which the companies engaged in the Listing Business were transferred to the Company. The Reorganisation mainly involved the followings:

(a) Incorporation of the Company

The Company was incorporated in the Cayman Islands on 16 May 2018.

In 2018, the resolution of equity holders' meeting of Suzhou Kintor determined the reorganisation scheme. As part of the reorganisation scheme, the Group would recapitalize Suzhou Kintor Pharmaceuticals, Inc. ("Suzhou Kintor") and acquire Suzhou Koshine Biomedic, Inc. ("Suzhou Koshine").

(b) Recapitalization of Suzhou Kintor

In 2019, the Company issued and allotted a total number of 21,919,442 ordinary shares to the then equity owners of Suzhou Kintor in consideration of and in exchange for their respective shareholding in Suzhou Kintor.

As at 31 May 2019, Suzhou Kintor obtained the approval of modifications filing for foreign investment enterprises and changed its equity owners to Kintor Science Limited and Oriza Flight International Limited. Since then, Suzhou Kintor became a wholly-owned subsidiary of the Group.

(c) Acquisition of Suzhou Koshine

(i) Pursuant to the resolution of equity holders' meeting of Suzhou Kintor and the share swap agreement between the equity holders of Suzhou Koshine and the Company, the Group would acquire the 54% equity interest in Suzhou Koshine at a consideration of RMB62,161,560 which will be settled by issuance of 606,654 shares of the Company and the remaining 46% equity interest in Suzhou Koshine at a consideration of RMB52,952,440 to be settled by issuance of 516,780 shares of the Company.

(ii) In November 2018, the Group obtained the control of 100% equity interest in Suzhou Koshine, among which 54% equity interest was at a consideration of RMB62,161,560 settled by issuance of 606,654 shares of the Company and the transfer of shares was completed on 5 November 2018; the consideration for the 46% equity interest was settled in March 2019 at a consideration of RMB52,952,440 by issuance of 516,780 shares of the Company to the 46% equity holders of Suzhou Koshine (Note 31).

As at 30 June 2019, the Reorganisation was completed.

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name	Place of registration/ incorporation and place of operations and date of incorporation	Nominal value incorporation/ registered share capital	Percentage of equity attributable to the Company			Principal activities
			As of 31 December 2018	2019	As of the date of this report	
Directly held:						
Kintor Science Limited *(note (a))*	Hong Kong 15 June 2018	HKD100	100%	100%	100%	Holding company in Hong Kong
Koshine Pharmaceuticals Limited *(note (a))*	Hong Kong 1 August 2018	HKD100	100%	100%	100%	Holding company in Hong Kong
Kintor Pharmaceuticals Inc. *(note (g))*	United States of America 13 November 2018	–	100%	100%	100%	New drug research and development
Indirectly held:						
Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) *(note (b))*	Mainland China 24 March 2009	RMB21,919,442	100%	100%	100%	Research and development
Kintor Pharmaceuticals Hong Kong Limited (開拓藥業香港有限公司) *(note (a))*	Hong Kong 17 May 2018	HKD100	100%	100%	100%	Research, development and commercialisation, overseas investment
Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) *(note (c)) (note 33)*	Mainland China 21 September 2010	RMB7,500,000	100%	100%	100%	Research, development and commercialisation
Changshu Kintor Pharmaceuticals Co., Ltd. (常熟開拓藥業有限公司) *(note (d))*	Mainland China 8 October 2015	RMB40,000,000	–	–	–	Research, development and commercialisation
Suzhou Hongtuo Investment Consulting Centre (Limited Partnership) (蘇州弘拓投資諮詢中心(有限合夥) *(note (e))*	Mainland China 22 December 2015	RMB976,148	100%	100%	100%	Employee share scheme
Shanghai Xituo Biotechnology Co., Ltd. (上海禧拓生物科技有限公司) *(note (f))*	Mainland China 10 April 2019	RMB100,000	–	100%	100%	Research and development
Kintor Pharmaceutical (Zhejiang) Co., Ltd. (開拓藥業(浙江)有限公司) *(note (f))*	Mainland China 27 June 2019	USD35,000,000	–	100%	100%	Manufacturing, commercialisation, research and development
Oriza Flight International Limited *(note (g))*	Cayman Islands 2 January 2018	USD3	100%	100%	100%	Investment holding

Notes:

(a) Audited financial statements of the companies for the years ended 31 December 2018 and 2019 have not yet been issued as at the date of this report.

(b) The statutory financial statements of the company for the years ended 31 December 2018 and 2019 were audited by Lixin Zhonglian CPAs (Special General Partnership) (立信中聯會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(c) The statutory financial statements of the company for the year ended 31 December 2018 was audited by Jiangsu Hua Rui Certified Public Accountants Partnership (江蘇華瑞會計師事務所有限公司), certified public accountants registered in the PRC. As of the date of this report, the audited statutory financial statements of this company for the year ended 31 December 2019 has not been issued yet.

(d) No audited financial statements have been prepared for this company for the Track Record Period, as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The entity was deregistered on 8 October 2018 and the related historical accumulated tax losses expired.

(e) No audited financial statements have been prepared for this company for the Track Record Period as this entity was not subject to any statutory audit requirements. It is established for an employee share scheme. As no share options were granted under the scheme, the shares are held by the Group. In 2018, Suzhou Kintor deregistered these shares.

(f) No audited financial statements have been prepared for these companies for the Track Record Period as these companies were incorporated in 2019 and had not carried on any businesses since the date of incorporation.

(g) No audited financial statements have been issued for the years ended 31 December 2018 and 2019 as it is not required to issue audited financial statement under statutory requirement of its place of incorporation.

The English names of the subsidiaries are translation made by management of the Company as they do not have official English names.

1.3 Basis of presentation

Immediately prior to the Reorganisation, the Listing Business was mainly conducted through Suzhou Kintor and its subsidiaries. Pursuant to the Reorganisation, Suzhou Kintor was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation (except for the acquisition of Suzhou Koshine which is accounted for as a business combination as detailed in Note 31) is merely a reorganisation of Suzhou Kintor with no change in management and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation (except for the acquisition of Suzhou Koshine) is regarded as a continuation of the business held under Suzhou Kintor and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Suzhou Kintor and its subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amounts under the consolidated financial statements of Suzhou Kintor for all periods presented.

For Suzhou Koshine which was acquired from related parties in 2018, it is included in the Historical Financial Information of the Group from the date when it is under control of the Group (Note 31).

Intercompany transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied during the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value. The preparation of Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Group has applied all of the standards, amendments or interpretation that are effective on 1 January 2019 throughout the Track Record Period.

(a) New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards and interpretations that are relevant to the Group have been issued but are not yet effective for the Track Record Period and have not been early adopted by the Group. These new standards and amendments are set out below:

Standards	Key requirements	Effective for accounting periods beginning on or after
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IAS 1 and IAS 8 (Amendments)	Definition of material	1 January 2020
Conceptual Framework for Financial Reporting 2018		1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendment to IFRS 9 and IFRS 7	Interest rate benchmark reform	1 January 2020
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2022

The Group has already commenced an assessment of the impact of theses new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

2.2.1 Business combinations

(a) Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

During the Track Record Period, the Group has been focusing on research and development of innovative medicine products. Accordingly, the management considers that the Group is operated and managed as a single operating segment and hence no segment information is presented.

During the Track Record Period, except for the Company, Kintor Science Limited, Kintor Pharmaceuticals Hong Kong Limited and Koshine Pharmaceuticals Limited, Kintor Pharmaceuticals Inc., Oriza Flight International Limited, all the other subsidiaries operate in Mainland China and the Group's operation is principally derived in Mainland China. The Company, Kintor Science Limited, Kintor Pharmaceuticals Hong Kong Limited and Koshine Pharmaceuticals Limited haven't had any major business activities yet.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the consolidated statements of comprehensive income within "finance costs – net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment include machinery and equipment, office equipment, motor vehicles and construction in progress and are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Machinery and equipment	5-10 years
– Office equipment	5 years
– Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statements of comprehensive income.

Construction-in-progress represents properties under construction and is stated at cost less impairment. This includes cost of construction, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

2.6 Intangible assets

(a) Software

Acquired software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of 1 to 10 years. The Group should assess whether there is any indication that software is impaired at each financial year end.

Software is amortized over the estimated useful lives of the individual software. The useful lives of individual software were assessed with consideration of the contractual term, the current functionality equipped by the software, using plan and operation needs of the software.

(b) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed drug products and all the following can be demonstrated:

(i) the technical feasibility of completing the development project so that it will be available for use or sale;

(ii) the Group's intention to complete the development project to use or sell it;

(iii) the Group's ability to use or sell the development project;

(iv) how the development project will generate probable future economic benefits for the Group;

(v) the Group's availability of adequate technical, financial and other resources to complete the development and to use or sell the development project; and

(vi) the ability to measure reliably the expenditures attributable to the development project.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. The Group generally considers capitalisation criteria for internally generated intangible assets is met when obtaining regulatory approval of new drug license.

Capitalised development expenditures are amortised using the straight-line method over the life of the related drug products. Amortisation shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

(c) In-licenses and In-Process Research and Development (IPR&D)

Intangible assets acquired separately are measured on initial recognition at cost.

Certain intangible assets are for license of intellectual properties in development, with non-refundable upfront payment, milestone payment and royalty payment. Upfront payment is capitalized when paid. The milestone payment is capitalised as intangible assets when incurred, unless the payment is for outsourced research and development work which would follow the capitalisation policy in Note 2.6 (b). Royalty payment would be accrued for in line with the underlying sales and recognised as a cost of sales. However, if the intangible asset is acquired in a business combination, it is measured at fair value at initial recognition.

In-Process Research and Development (IPR&D) acquired is subsequently stated at cost less any impairment losses.

For research or development expenditures which are related to an IPR&D project acquired separately or in a business combination and incurred after the acquisition of that project, they shall be accounted for in accordance with the capitalisation policy in Note 2.6 (b).

The intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized when ready for use and over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets with indefinite useful lives or not ready for use will not be amortised but tested for impairment annually either individually or at the cash-generating unit level. The impairment test would compare the recoverable amount of the in-licenses and IPR&D asset to its carrying value. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

In-licenses and IPR&D with finite useful life are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2.7 Impairment of non-financial assets

Intangible assets of indefinite useful lives or not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including right-of-use assets and property, plant and equipment and other intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each financial year end.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

2.8.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in finance costs and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statements of comprehensive income as applicable.

2.9 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for technology services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For impairment of trade receivables, refer to Note 2.9.

2.11 Cash and cash equivalents

In the consolidated statements of cash flow, cash and cash equivalents include cash on hand, demand deposits held at banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to past expenses are recognised directly in the consolidated statements of comprehensive income.

Government grants relating to future costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as "Deferred income" and are credited to the consolidated statements of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

The recognition period of government grants are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Also, the deferred income tax is not accounted for if it arises from initial recognition of an

asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

The Group entities in Mainland China participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in Mainland China and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-retirement benefits beyond the contributions made.

The contributions are recognised as employee benefit expense when they are due.

2.17 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net off tax, from the proceeds.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Revenue recognition

The Group principally derives revenue from provision of technological development services.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, net of value-added taxes. The Group recognises revenue when the specific criteria have been met for each of the Group's activities, as described below.

Service income is recognised when the services have been rendered. The Group provides services under fixed-price contracts and revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

2.20 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statements of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.21 Leases and right-of-use assets

The Group leases properties for operation and leases land for the production of new drugs. The consideration paid for lease are treated as right-of-use assets, which are stated at cost less accumulative amortisation and accumulated impairment losses, if any. Lease land is amortised over the lease period of 50 years using straight-line method.

Rental contracts are typically made for fixed periods of 6 months to 6 years, but may have extension options. Lease terms are negotiated on an individual basis and contain various terms and conditions.

Leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased assets is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:

(i) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 2.7).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise small items of machinery.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure to foreign currency risk at 31 December 2018 was insignificant as each of the group entities did not hold significant assets and liabilities denominated in a currency other than its functional currency. The Group's exposure to foreign currency risk at 31 December 2019 mainly comes from cash at bank in USD which were primarily received from the investors as capital contributions as mentioned in Note 29.

If US dollars had strengthened/weakened by 4% against RMB with all other variables held constant, net loss would have been approximately RMB309,000 higher/lower as at 31 December 2018, as a result of net foreign exchange losses/gains on translation of net monetary liabilities donominated in US dollars. If US dollars had strengthened/weakened by 4% against RMB with all other variables held constant, net loss would have been approximately RMB6,776,000 lower/higher as at 31 December 2019, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in US dollars.

If HK dollars had strengthened/weakened by 4% against RMB with all other variables held constant, net loss would have been approximately RMB40 lower/higher as at 31 December 2018, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in HK dollars. If HK dollars had strengthened/weakened by 4% against RMB with all other variables held constant, net loss would have been approximately RMB67,000 higher/lower as at 31 December 2019, as a result of net foreign exchange losses/gains on translation of net monetary liabilities denominated in HK dollars.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.The Group has no significant interest-bearing assets and liabilities, except for lease liabilities (Note 23), cash and cash equivalents (Note 21), restricted cash (Note 21) and borrowings (Note 22). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2018 and 2019, the Group's borrowings were borrowings that carried at fixed rates, which exposed the Group to fair value interest rate risk.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, cash and cash equivalents, restricted cash and wealth management products. The carrying amounts of trade and other receivables, cash and cash equivalents, restricted cash and wealth management products represent our maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, restricted cash and wealth management products since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group accounts for credit losses, if any, using an expected credit losses model which utilizes assumptions and estimates regarding expected future credit losses. The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group expects that trade receivables are exposed to negligible credit risk.

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

As at 31 December 2018 and 2019, other receivables mainly comprise deposits to lessors in respect of the Group's leased properties. The Group expects that there is no significant credit risk associated with other receivables since the counterparties have no history of default. Accordingly, the expected credit loss of other receivables was considered immaterial.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the ability to apply for credit facilities if necessary. The Group finances its working capital requirements through issue of new shares, borrowings and government grants.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**Total** *RMB'000*
At 31 December 2019				
Bank borrowings	59,788	–	–	59,788
Trade and other payables	69,465	–	–	69,465
Lease liabilities	3,241	2,254	100	5,595
At 31 December 2018				
Loans from a government authority	45,335	22,390	–	67,725
Trade and other payables	11,243	–	–	11,243
Amounts due to related parties	44,323	–	–	44,323
Lease liabilities	2,077	1,754	1,057	4,888

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including bank borrowings, loans from a financial institution and loans from a government authority) less cash and cash equivalents and restricted cash. Total capital is calculated as "total equity", as shown in the consolidated balance sheet, plus net debt. As at 31 December 2018 and 31 December 2019, cash and cash equivalents is more than total borrowings of the Group, therefore, the gearing ratio is not applicable.

3.3 Fair value estimation

(a) This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards:

Level 1: The fair values of financial instruments traded in active markets (such as trading and available-for-sale securities) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

Level 2: The fair values of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments or discounted cash flow analysis. The Group did not have any financial assets or liabilities measured at fair value on a recurring basis during the Track Record Period, with the exception of the Group's wealth management products, which are measured at fair value through profit or loss and which constitute Level 3 measurements under the fair value hierarchy. The Group's wealth management products are valued based on cash flow discounted using the expected return based on management judgment and estimates.

(c) Fair value of financial assets and liabilities measured at fair value

As at 31 December 2018 and 31 December 2019, the Group had no assets and liabilities measured at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Development expenditures

Development expenditures incurred on the Group's research and development activities, including conducting preclinical studies and clinical trials, manufacturing development efforts and activities related to regulatory filings for the Group's drug candidates, are capitalised as intangible assets only when meet the capitalisation criteria set out in Note 2.6 (b). Expenditures that do not meet these capitalisation principle are recognised as research and development expenses. During the Track Record Period, the Group's research and development expenditures incurred did not meet these capitalisation principle for any products and were expensed as incurred.

(b) Intangible assets acquired in a business combination

If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. In other words, the entity expects there to be an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. If an asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset.

An acquirer recognises at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. This means that the acquirer recognises as an asset separately from goodwill an in-process research and development project of the acquiree if the project meets the definition of an intangible asset. An acquiree's in-process research and development project meets the definition of an intangible asset when it:

(a) meets the definition of an asset; and

(b) is identifiable, ie, is separable or arises from contractual or other legal rights.

If an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. Determination of the fair value is an area involving management judgement in order to assess whether the carrying value of the intangible assets not ready for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialisation, productivity and market penetration rate; (ii) revenue growth rate; (iii) costs and operating expenses; (iv) the selection of discount rates; and (v) success rate of commercialisation to reflect the risks involved.

An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognises the intangible asset separately from goodwill, but together with the related item.

(c) Impairment testing of intangible assets not ready for use

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained in-licenses and IPR&D through separate acquisition or business combination to continue research and development work and commercialise the products, which are classified as intangible assets not ready for use.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

For detail of the impairment testing, refer to Note 16.

(d) Deferred income tax

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several drug candidates of the Company and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

5 REVENUE

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Services income		
– Third parties	9	–
– Related party *(Note (a))*	689	–
	698	–

(a) Suzhou Kintor provided preclinical technology service to a related party, namely Suzhou Koshine, which was acquired by the Group as described in Note 1.2, for project KX-826, a potential first-in-class small molecule drug for androgenetic alopecia. The Group recorded revenue from Suzhou Koshine of RMB689,000 for the year ended 31 December 2018.

The Group's revenue from rendering of technology service in 2018 was recognised over time according to the progress of service provided. As at 31 December 2018 and 2019, there was no unsatisfied performance obligation.

6 OTHER INCOME

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Government grants *(Note (a))*	7,650	16,964
Interest income from financial assets measured at amortized cost *(Note (b))*	3,550	578
Rental income *(Note 32 (ii))*	18	–
Interest income from bank balances	1,066	1,476
Others	14	–
	12,298	19,018

(a) The government grants and subsidies related to income have been received to compensate for the expenses of the Group's research and development. Some of the grants related to income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. These grants related to income were recognised in profit or loss when related costs are subsequently incurred and the Group received government acknowledge of compliance.

(b) The financial assets measured at amortized cost represent investments in structured deposits issued by a bank with fixed rates in 2018 and 2019. In 2018, Suzhou Kintor purchased three financial assets measured at amortized cost amounting to RMB170,000,000 with a duration of 90 to 180 days. The interests are at 4.7% to 4.8% per annum. As at 31 December 2018, the financial assets measured at amortized cost were all redeemed. In 2019, Suzhou kintor purchased a financial asset measured at amortized cost of RMB55,000,000 with a duration of 90 days at an interest rate of 4.2% per annum. As at 31 December 2019, the financial asset measured at amortized cost was redeemed.

Based on the contract terms, the structured deposits with bank are with fixed return rate and not linked with any derivative, therefore they were classified as financial assets measured at amortized cost under IFRS 9 as the Group intended to hold the financial assets to collect contractual cash flows, which represented the solely payment of principle and interest. As of each balance sheet date, such investments have been fully settled and collected.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Clinical research expenses	27,392	101,719
Employee benefit expenses *(Note 10)*	24,995	43,100
Materials and consumables expenses	14,889	35,208
Outsourced research and development costs	23,704	34,360
Utilities and office expenses	7,309	8,963
Listing expenses	10,217	12,512
Depreciation of right-of-use assets *(Note 15)*	1,210	2,969
Less: Amounts capitalised in property, plant and equipment	(50)	(198)
	1,160	2,771
Depreciation of property, plant and equipment *(Note 14)*	1,257	1,808
Medical expert consultation fees	2,541	2,196
Bank charge	61	645
Rental expenses	346	715
Professional expenses	2,670	532
Amortisation of intangible assets *(Note 16)*	3	69
Auditors' remuneration	24	35
Others	1,423	2,485
Total cost of sales, research and development costs, distribution and marketing costs, and administrative expenses	117,991	247,118

8 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Fair value changes of financial assets at fair value through profit or loss *(Note 20)*		
– realized	932	–
Net foreign exchange losses on operating activities	(386)	(8)
Losses on disposal of property, plant and equipment	(5)	(2)
Others	(23)	(577)
	518	(587)

9 FINANCE COSTS – NET

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Interest expenses on borrowings	3,770	3,559
Less: borrowing costs capitalised in property, plant and equipment *(Note (a))*	(18)	(2,007)
Interest expenses on lease liabilities	113	261
Net foreign exchange losses/(gains) on financing activities	142	(701)
Net exchange losses on foreign currency deposits	–	2,778
Finance costs – net	4,007	3,890

(a) The capitalisation rates used to determine the amount of borrowing costs are 4.75% and 4.71% for 2018 and 2019 respectively.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Salaries, wages and bonuses	22,887	38,810
Contributions to pension plans *(Note (a))*	1,058	2,087
Housing funds, medical insurance and other social insurance *(Note (b))*	1,050	2,203
	24,995	43,100

(a) As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its employees in the PRC. The Group's employees make monthly contributions to the schemes at certain percentages of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), subject to certain ceiling and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

(b) Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(c) Five highest paid individuals

For the years ended 31 December 2018 and 2019, the five individuals whose emoluments were the highest in the Group include 1 director, whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Salaries, wages and bonuses	7,519	6,794
Contributions to pension plans	75	86
Housing funds, medical insurance and other social insurance	86	123
	7,680	7,003

The number of highest paid non-director individuals whose remuneration during the Track Record Period fell within the following bands are as follows:

	Year ended 31 December	
	2018	2019
Emolument bands		
Nil to HKD500,000	–	–
HKD500,001 – HKD1,000,000	–	–
HKD1,000,001 – HKD1,500,000	–	–
HKD1,500,001 – HKD2,000,000	3	3
HKD2,000,001 – HKD2,500,000	–	–
HKD2,500,001 – HKD3,000,000	–	–
HKD3,000,001 – HKD3,500,000	1	1

11 INCOME TAX EXPENSE

(i) Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gains.

Hong Kong

Kintor Science Limited, Koshine Pharmaceuticals Limited and Kintor Pharmaceuticals Hong Kong Limited were incorporated in Hong Kong in 2018 and are subject to Hong Kong profits tax at the rate of 16.5%. Since these companies did not have assessable profits during the Track Record Period, no Hong Kong profits tax has been provided.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

The Group had no taxable income during the Track Record Period.

The income tax on the Group's losses before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Loss before income tax	(108,484)	(232,577)
Tax calculated at the applicable tax rate of 25%	(27,121)	(58,144)
Deductible temporary differences not recognised as deferred tax assets	(211)	860
Utilisation of previously unrecognised tax losses	–	(33)
Super deduction in respect of research and development expenditures	(12,208)	(33,567)
Expenses not deductible for income tax purposes	242	335
Tax losses not recognised as deferred tax assets	39,298	90,549
Income tax expense	–	–

(ii) Tax losses

The tax losses that are not recognised as deferred tax assets will expire in 5 years from the respective reporting dates and are analysed as follows:

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Expire year		
2019	8,204	–
2020	10,372	10,372
2021	27,335	27,335
2022	62,246	62,246
2023	157,194	157,194
2024	–	362,196
	265,351	619,343

On 8 October 2018, Changshu Kintor Pharmaceuticals Co., Ltd. was deregistered and the related historical accumulated tax losses of RMB505,000 expired.

12 DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the Track Record Period.

13 LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period. In determining the weighted average number of ordinary shares in issue:

(a) In determining the weighted average number of ordinary shares in issue during the Track Record Period, 19,655,000 ordinary shares of the Company, which were issued and allotted by the Company in connection with the Reorganisation, have been treated as if these ordinary shares were in issue since 1 January 2018. The shares issued during the Track Record Period to the equity holders of Suzhou Kintor which were swapped with the shares of the Company upon the Reorganisation were accounted at time portion basis.

(b) The 1,123,434 ordinary shares of the Company issued to the equity holders of Suzhou Koshine as the consideration of acquiring the 100% equity interest in Suzhou Koshine (Note 31) were treated as if they had been in issue since 5 November 2018, the date when the Company obtained 100% equity interest in Suzhou Koshine.

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Loss for the year	(108,484)	(232,577)
Weighted average number of ordinary shares in issue (in thousand)	21,837	23,936
Basic loss per share (in RMB)	(4.97)	(9.72)

Diluted loss per share

Diluted loss per share is same as basic loss per share as there is no dilutive ordinary share during the Track Record Period.

The basic and diluted loss per share as presented above has not taken into account the proposed capitalisation issue of 249,337,890 shares pursuant to the shareholders' resolution dated 30 April 2020 because the proposed capitalisation issue has not become effective as of the date of this report.

14 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2018					
Cost	4,986	683	624	141	6,434
Accumulated depreciation	(1,445)	(480)	(307)	–	(2,232)
Net book amount	3,541	203	317	141	4,202
Year ended 31 December 2018					
Opening net book amount	3,541	203	317	141	4,202
Additions	1,464	700	420	3,806	6,390
Disposals	(20)	–	(128)	–	(148)
Depreciation charge *(Note 7)*	(1,045)	(89)	(145)	–	(1,279)
Closing net book amount	3,940	814	464	3,947	9,165
At 31 December 2018					
Cost	6,407	1,374	800	3,947	12,528
Accumulated depreciation	(2,467)	(560)	(336)	–	(3,363)
Net book amount	3,940	814	464	3,947	9,165
Year ended 31 December 2019					
Opening net book amount	3,940	814	464	3,947	9,165
Additions	3,555	351	–	87,129	91,035
Disposals	(2)	–	–	–	(2)
Depreciation charge *(Note 7)*	(1,487)	(209)	(133)	–	(1,829)
Closing net book amount	6,006	956	331	91,076	98,369
At 31 December 2019					
Cost	9,960	1,721	800	91,076	103,557
Accumulated depreciation	(3,954)	(765)	(469)	–	(5,188)
Net book amount	6,006	956	331	91,076	98,369

Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Research and development expenses	1,024	1,322
Administrative expenses	233	486
Other gains/(losses) – net	22	21
	1,279	1,829

15 RIGHT-OF-USE ASSETS

	Leased properties	Land use right	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018			
Cost	3,464	9,929	13,393
Accumulated depreciation	(1,145)	(116)	(1,261)
Net book amount	2,319	9,813	12,132
Year ended 31 December 2018			
Opening net book amount	2,319	9,813	12,132
Additions	3,148	–	3,148
Depreciation charge *(Note 7)*	(1,012)	(198)	(1,210)
Closing net book amount	4,455	9,615	14,070
At 31 December 2018			
Cost	6,612	9,929	16,541
Accumulated depreciation	(2,157)	(314)	(2,471)
Net book amount	4,455	9,615	14,070
Year ended 31 December 2019			
Opening net book amount	4,455	9,615	14,070
Additions	3,311	–	3,311
Depreciation charge *(Note 7)*	(2,771)	(198)	(2,969)
Closing net book amount	4,995	9,417	14,412
At 31 December 2019			
Cost	9,923	9,929	19,852
Accumulated depreciation	(4,928)	(512)	(5,440)
Net book amount	4,995	9,417	14,412

Depreciation of right-of-use assets has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Research and development expenses	873	1,358
Administrative expenses	337	1,611
Less: Amounts capitalised in property, plant and equipment	(50)	(198)
	1,160	2,771

Land use right represents the land use right granted by the PRC government authority on the use of land within the pre-approved lease period. The original lease terms of the land use right of the Group held in the PRC are 50 years up to 6 June 2067. As at 31 December 2018, the land use right was pledged for the Group's borrowings amounting to RMB65,000,000 (Note 22). In September 2019, the borrowings were repaid and the pledge was released.

16 INTANGIBLE ASSETS

	Software	In-licenses	IPR&D	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018				
Cost *(Note a)*	6	3,044	–	3,050
Accumulated amortisation	(2)	–	–	(2)
Net book amount	4	3,044	–	3,048
Year ended 31 December 2018				
Opening net book amount	4	3,044	–	3,048
Business combination *(Note d and Note 31)*	–	–	155,272	155,272
Additions *(Note c)*	82	14,085	–	14,167
Amortisation charge *(Note 7)*	(3)	–	–	(3)
Closing net book amount	83	17,129	155,272	172,484
At 31 December 2018				
Cost	88	17,129	155,272	172,489
Accumulated amortisation	(5)	–	–	(5)
Net book amount	83	17,129	155,272	172,484
Year ended 31 December 2019				
Opening net book amount	83	17,129	155,272	172,484
Additions *(Note a and Note b)*	384	6,500	–	6,884
Amortisation charge *(Note 7)*	(69)	–	–	(69)
Closing net book amount	398	23,629	155,272	179,299
At 31 December 2019				
Cost	472	23,629	155,272	179,373
Accumulated amortisation	(74)	–	–	(74)
Net book amount	398	23,629	155,272	179,299

Amortisation of intangible assets has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Research and development expenses	–	55
Administrative expenses	3	14
	3	69

During the Track Record Period, the Group's development expenditures incurred did not meet these capitalisation principle for any products and were expensed as incurred.

(a) On 31 May 2017, Suzhou Kintor obtained an exclusive global license with a package of technology and patents to develop and commercialize GT1708F. GT1708F is an inhibitor of the hedgehog signal transduction pathway. Suzhou Kintor made an initial RMB3,044,000 non-refundable upfront payment in 2017, and made a payment of RMB3,500,000 based on the supplemental agreement with the transferor in 2019. Suzhou Kintor is obligated to make certain payments upon the achievement of certain development milestones. Suzhou Kintor is also obligated to make certain payments upon the achievement of certain commercial milestones and royalty payments at the applicable royalty rates based on net sales of the products.

The intangible asset is not ready for use and the Group is continuing research and development work, there was no impairment as at 31 December 2018 and 2019.

Intangible assets not yet ready for use are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate cash-generating unit ("CGU") is at the product level. The recoverable amount of each CGU was determined based upon the fair value less costs of disposal. The fair value was estimated using the discounted cash flow approach. The fair value measurement hierarchy of GT1708F was level 3. The estimated revenue of GT1708F is based on management's expectations of timing of commercialisation, market penetration rate and success rate of commercialisation. Based on the research and development process and experience of the approval process, management estimates that GT1708F will be able to generate revenue from 2025 to 2033 with the first four years climbing, the last five years stable and declining.

The percentage of costs and operating expenses to revenue is the percentages over the revenue forecast period from 2025 to 2033. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price rises in labour and relevant equipment. The market penetration rate was used based on the expected sellings conditions considering the features of marketing and technology development. The discount rate used is post-tax and reflects specific risks relating to the relevant products. The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and related regulations from administrations.

An independent valuation was performed by an independent appraiser, to determine the recoverable amount of the CGU.

The key assumptions used for fair value calculation as at 31 December 2018 and 2019 are as follows:

	As at 31 December	
	2018	2019
Post-tax discount rate	22.0%	22.0%
Revenue growth rate for the stable period	3.2%~16.6%	3.2%~16.6%
Revenue growth rate for the declining period	-5.5%~-0.9%	-5.5%~-0.9%
Market penetration rate	0.5%~8.3%	0.5%~8.3%
Success rate of commercialisation	7.2%	7.2%
Percentage of costs and operating expenses	42.6%~128.8%	42.6%~128.8%
Recoverable amount of CGU (in RMB'000)	10,593	30,015

Based on the result of impairment assessment, there was no impairment as at 31 December 2018 and 2019.

The recoverable amount of the CGU of GT1708F is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 2019 by RMB7,549,000 and RMB23,471,000 respectively. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of GT1708F would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As at 31 December	
	2018	**2019**
Post-tax discount rate	9.4%	28.0%
Revenue growth rate	-9.3%	-25.8%
Market penetration rate	-13.9%	-35.3%
Success rate of commercialisation	-71.3%	-78.2%
Percentage of costs and operating expenses	11.0%	28.0%

(b) On 2 January 2019, Suzhou Kintor obtained an exclusive global license to develop and commercialize C-Myc inhibitor. Pursuant to the contract entered, Suzhou Kintor made an initial RMB3,000,000 non-refundable upfront payment. Suzhou Kintor is obligated to make certain payments upon the achievement of certain development milestones. Suzhou Kintor is also obligated to make certain payments upon the achievement of certain commercial milestones and royalty payments at the applicable royalty rates based on net sales of the products.

The intangible asset is not ready for use and the Group is continuing research and development work, there was no impairment as at 31 December 2019.

Intangible assets not yet ready for use are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate cash-generating unit ("CGU") is at the product level. The recoverable amount of each CGU was determined based upon the fair value less costs of disposal. The fair value was estimated using the discounted cash flow approach. The fair value measurement hierarchy of C-Myc inhibitor was level 3. The estimated revenue of C-Myc inhibitor is based on management's expectations of timing of commercialisation, market penetration rate and success rate of commercialisation. Based on the research and development process and experience of the approval process, management estimates that C-Myc inhibitor will be able to generate revenue from 2026 to 2039 with the first five years climbing and the last nine years stable and declining.

The percentage of costs and operating expenses to revenue is the percentages over the revenue forecast period from 2026 to 2039. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price rises in labour and relevant equipment. The market penetration rate was used based on the expected sellings conditions considering the features of marketing and technology development. The discount rate used is post-tax and reflects specific risks relating to the relevant products. The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and related regulations from administrations.

An independent valuation was performed by an independent appraiser, to determine the recoverable amount of the CGU.

The key assumptions used for fair value calculation as at 31 December 2019 are as follows:

	As at 31 December 2019
Post-tax discount rate	22.0%
Revenue growth rate for the stable period	3.5%~9.4%
Revenue growth rate for the declining period	-20.4%~-0.1%
Market penetration rate	0.1%~4.4%
Success rate of commercialisation	7.2%
Percentage of costs and operating expenses	48.1%~129.8%
Recoverable amount of CGU (in RMB'000)	8,086

Based on the result of impairment assessment, there was no impairment as at 31 December 2019.

The recoverable amount of the CGU of C-Myc inhibitor is estimated to exceed the carrying amount of the CGU as at 31 December 2019 by RMB5,086,000. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of C-Myc inhibitor would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As at 31 December 2019
Post-tax discount rate	5.1%
Revenue growth rate	-4.8%
Market penetration rate	-9.0%
Success rate of commercialisation	-62.9%
Percentage of costs and operating expenses	7.1%

(c) On 14 February 2018, Suzhou Kintor obtained an exclusive global license to develop and commercialise ALK-1 antibody with an upfront payment of RMB14,085,000. Suzhou Kintor is obligated to make milestone payments aggregating USD13,000,000 in respect of development and receipt of marketing approval in China (which includes Hong Kong, Macao and Taiwan), additional milestone payments aggregating USD33,000,000 for other countries, a further one-time milestone payment of USD5,000,000 for a second indication anywhere in the world, certain payments at the applicable achievement of certain commercial milestones and royalty payments at the applicable royalty rates based on net sales of the products.

The intangible asset is not ready for use and the Group is continuing research and development work, it is subject to an annual impairment test based on the recoverable amount of of the cash generating unit to which the intangible asset is related to.

Intangible assets not yet ready for use are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate cash-generating unit ("CGU") is at the product level. The recoverable amount of each CGU was determined based upon the fair value less costs of disposal. The fair value was estimated using the discounted cash flow approach. The fair value measurement hierarchy of ALK-1 was level 3. The revenue forecasts of ALK-1 is based on management's expectations of timing of commercialisation, market penetration rate and success rate of commercialisation. Based on the research and development process and experience of the approval process, management estimates that ALK-1 will be able to generate revenue from 2023 to 2035 with the first four years climbing and the last nine years stable and declining.

The percentage of costs and operating expenses to revenue is the percentages over the revenue forecast period. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price rises in labour and relevant equipment. The market penetration rate was used based on the expected sellings conditions considering the features of marketing and technology development. The discount rates used are post-tax and reflect specific risks relating to the relevant products. The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and related regulations from administrations.

An independent valuation was performed by an independent appraiser, to determine the recoverable amount of the CGU.

The key assumptions used for fair value calculations as at 31 December 2018 and 2019 are as follows:

	As at 31 December	
	2018	2019
Post-tax discount rate	22.0%	22%
Revenue growth rate for the stable period	1.1%~22.8%	1.1%~22.8%
Revenue growth rate for the declining period	-10.6%~-1.9%	-10.6%~-1.9%
Market penetration rate	0.3%~15%	0.3%~15.0%
Success rate of commercialisation	13.5%	13.5%
Percentage of costs and operating expenses	40.5%~114.8%	40.5%~114.8%
Recoverable amount of CGU (in RMB'000)	28,197	66,076

Based on the result of impairment assessment, there was no impairment as at 31 December 2018 and 2019.

The recoverable amount of the CGU of ALK-1 is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 31 December 2019 by RMB14,112,000 and RMB51,991,000, respectively. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of ALK-1 would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As at 31 December	
	2018	2019
Post-tax discount rate	10.4%	44.0%
Revenue growth rate	-8.9%	-32.6%
Market penetration rate	-14.1%	-46.0%
Success rate of commercialisation	-50.0%	-78.7%
Percentage of costs and operating expenses	9.4%	28.3%

(d) The addition of IPR&D represented KX-826, an androgen receptor antagonist, amounted to RMB155,272,000, as a result of the business combination of Suzhou Koshine (Note 31).

The intangible asset is not ready for use and the Group is continuing research and development work, it is subject to an annual impairment test based on the recoverable amount of the cash generating unit to which the intangible asset is related to.

Intangible assets not yet ready for use are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate cash-generating unit ("CGU") is at the product level. The recoverable amount of each CGU was determined based upon the fair value less costs of disposal. The fair value was estimated using the discounted cash flow approach. The fair value measurement hierarchy of KX-826 was level 3. The estimated revenue of KX-826 is based on management's expectations of timing of commercialisation, market penetration rate and success rate of commercialisation. Based on the research and development process and experience of the approval process, management estimates that KX-826 will be able to generate revenue from 2021 to 2030 with the first five years climbing and the last five years stable and declining.

The percentage of costs and operating expenses to revenue is the percentages over the revenue forecast period from 2021 to 2030. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price rises in labour and relevant equipment. The market penetration rate was used based on the expected sellings conditions considering the features of marketing and technology development. The discount rate used is post-tax and reflects specific risks relating to the relevant products. The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and related regulations from administrations.

An independent valuation was performed by an independent appraiser, to determine the recoverable amount of the CGU.

The key assumptions used for fair value calculations as at 31 December 2018 and 2019 are as follows:

	As at 31 December	
	2018	**2019**
Post-tax discount rate	18.0%	18.0%
Revenue growth rate for the stable period	0.5%~24.1%	0.5%~24.1%
Revenue growth rate for the declining period	-13.4%~-9.4%	-13.4%~-9.4%
Market penetration rate	0.1%~7.5%	0.1%~7.5%
Success rate of commercialisation	20.6%	27.1%
Percentage of costs and operating expenses	48.0%~235.5%	48.0%~235.5%
Recoverable amount of CGU (in RMB'000)	158,498	281,164

Based on the result of impairment assessment, there was no impairment as at 31 December 2018 and 2019.

The recoverable amount of the CGU of KX-826 is estimated to exceed the carrying amount of the CGU as at 31 December 2018 and 31 December 2019 by RMB3,226,000 and RMB125,892,000, respectively. Considering there was still sufficient headroom based on the assessment, the Directors and management believe that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

The recoverable amount of KX-826 would equal its carrying amount if each of the key assumptions were to change as follows, with all other variables held constant, and the Directors and management believe that the key assumptions would not likely to change as follows:

	As at 31 December	
	2018	**2019**
Post-tax discount rate	1.3%	49.7%
Revenue growth rate	-0.7%	-20.3%
Market penetration rate	-1.7%	-42.1%
Success rate of commercialisation	-2.0%	-44.8%
Percentage of costs and operating expenses	1.3%	32.9%

17 OTHER NON-CURRENT ASSETS

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Value-added tax recoverables	9,208	24,993
Prepayments for property, plant and equipment	327	15,690
	9,535	40,683

18 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Assets as per statements of financial position		
Trade receivables, other receivables and deposits excluding non-financial assets	621	1,557
Cash and cash equivalents	137,513	195,532
Restricted cash	66,534	–
	204,668	197,089

	Financial liabilities at amortised cost As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Liabilities as per statements of financial position		
Borrowings	65,000	58,700
Trade payables, other payables and accruals excluding non-financial liabilities	11,243	69,465
Lease liabilities	4,643	5,397
Amounts due to related parties	44,323	–
	125,209	133,562

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Prepayments to suppliers	8,363	16,767
Listing expenses		
– Deferred	2,800	6,387
– Prepaid	2,512	370
Deposits	544	1,280
Advances to employees	46	220
Others	31	57
	14,296	25,081

As at 31 December 2018 and 2019, the carrying amounts of other receivables and deposits were denominated in RMB and approximated their fair values.

The Company

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Amounts due from a subsidiary	–	177,990
Listing expenses		
– Deferred	2,800	6,387
	2,800	184,377

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Financial assets at fair value through profit or loss include the following:

	Year ended 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
At the beginning of the year	16,000	–
Additions	51,000	–
Disposal	(67,000)	–
At the end of the year	–	–

The financial assets at fair value through profit or loss represent investments in wealth management products with expected rates of return ranging from 3.6% to 3.95% per annum during the Track Record Period. The returns on the investments were not guaranteed. Hence, their contractual cash flows do not qualify for solely payments of principal and interest, and were measured at fair value through profit or loss.

The fair values were based on cash flow discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy.

(ii) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is set out in Note 3.

21 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash at bank and on hand	204,047	195,532
Less: Restricted cash pledged for borrowings *(Note 22)*	(66,534)	–
Cash and cash equivalents	137,513	195,532
Cash and bank balances denominated in:		
– RMB	137,483	16,164
– USD	29	178,560
– HKD	1	808
	137,513	195,532

The Company

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Cash at bank and on hand	–	129,615

As at 31 December 2019, cash and cash equivalents of the Company are mainly denominated in USD.

22 BORROWINGS

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Non-current		
Loans from a government authority *(Note (a))*	22,000	–
Current		
Loans from a government authority *(Note (a))*	43,000	–
Short-term bank borrowings *(Note(b))*	–	58,700
	43,000	58,700
Total	65,000	58,700

(a) In 2017, Suzhou Kintor obtained a long-term loan of RMB75,000,000 entrusted by a bank from a government authority. Suzhou Kintor pledged land use right amounting to RMB9,929,000 and Dr. Youzhi Tong (one of the then equity holders of Suzhou Kintor) pledged his ordinary shares in Suzhou Kintor (which is 9.31% of the registered capital of Suzhou Kintor) to secure the long-term loan for the period from 3 July 2017 to 30 June 2020. Dr. Youzhi Tong undertook the joint liability for the loan.

Suzhou Kintor drew down RMB30,000,000 loan on 3 July 2017. RMB10,000,000 of these outstanding loans should be repaid in 2018, while remaining RMB20,000,000 of these outstanding loans should be repaid in 2019. As at 31 December 2018, Suzhou Kintor repaid RMB10,000,000 of the loan. Suzhou Kintor drew down RMB45,000,000 on 29 March 2018 and RMB43,000,000 of total RMB65,000,000 outstanding loans should be repaid in 2019, while remaining RMB22,000,000 should be repaid by 30 June 2020. As at 31 December 2018, the loans bore a fixed interest rate at 4.75% per annum.

On 28 June 2018, the pledge of Dr. Youzhi Tong's ordinary shares in Suzhou Kintor was released. On 1 July 2018, a financial asset measured at amortized cost of RMB65,000,000 was pledged for this loan. On 24 December 2018, the financial asset measured at amortized cost of RMB65,000,000 was redeemed at maturity and together with its interests of RMB1,534,000, were placed with banks as security deposits. As at 31 December 2019, Suzhou Kintor repaid the remaining RMB65,000,000 of the loan. As at 31 December 2019, the financial asset with its interest were released from security deposits.

(b) As at 31 December 2019, five unsecured short-term bank borrowings totalling RMB58,700,000 were taken by Suzhou Kintor, bore a fixed interest rate at 4.35% per annum and were due for repayment in 2020.

The maturity date is as follows:

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Less than 1 year or repayment on demand	43,000	58,700
1-2 years	22,000	–
Total	65,000	58,700

The carrying amounts of borrowings were denominated in RMB.

23 LEASE LIABILITIES

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Minimum lease payments due		
– Within 1 year	2,077	3,241
– Between 1 and 2 years	1,754	2,254
– Between 2 and 5 years	1,057	100
	4,888	5,595
Less: future finance charges	(245)	(198)
Present value of lease liabilities	4,643	5,397
Portion classified as current liabilities	1,926	3,086
Portion classified as non-current liabilities	2,717	2,311

The present value of lease liabilities is as follows:

– Within 1 year	1,926	3,086
– Between 1 and 2 years	1,675	2,211
– Between 2 and 5 years	1,042	100
	4,643	5,397

The following table sets forth the discount rate of our lease liabilities as the dates indicated:

	As at 31 December	
	2018	2019
	%	%
Lease liabilities	4.35%	4.35%

The Group leases various properties and land use right for operation and these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Leased properties	1,012	2,771
Land use right	198	198
	1,210	2,969
Interest expense (included in finance costs)	113	261
Expense relating to short-term leases (included in administrative expenses)	325	715
Expense relating to leases of low-value assets (included in administrative expenses)	21	–

The total cash outflow for leases for the years ended 31 December 2018 and 2019 were RMB1,327,000 and RMB3,533,000, respectively.

Information about right-of-use assets is set out in Note 15.

24 DEFERRED INCOME

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Government grants		
Reimbursement of future expenses *(Note (a))*	846	798

(a) Government grants as reimbursement of future expenses are subsidies received for compensating the Group's future research and development activities with regards to certain projects.

The amount of government grants that credited to the statement of comprehensive income is disclosed in Note 6.

25 TRADE AND OTHER PAYABLES

The Group

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	282	947
Payables for service suppliers *(Note (a))*	7,060	22,420
Payables for interest expenses	109	76
Payables for listing expenses	3,368	8,370
Salary and staff welfare payables	5,710	9,689
Payables for property, plant and equipment	141	37,092
Payables for value-added tax and other taxes	1,228	769
Others	392	636
	18,290	79,999

As at 31 December 2018 and 2019, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

All trade payables of the Group were denominated in RMB.

(a) As at 31 December 2018 and 2019, the ageing analysis of trade payables and payables for service suppliers based on invoice date are as follows:

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
– Within 1 year	7,342	23,367

The Company

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Payables for listing expenses	2,800	6,959
Amounts due to a subsidiary	–	4,157
Others	–	983
	2,800	12,099

26 DEFERRED INCOME TAX LIABILITIES

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
The balance comprises temporary differences attributable to:		
Intangible assets appraisal arising from business combination *(Note 31)*	155,272	155,272

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Deferred tax liabilities:		
To be recovered after 12 months	38,818	38,818

Information about the recognition of deferred income tax liabilities is set out in Note 31.

27 SHARE CAPITAL/COMBINED CAPITAL

Combined capital of the Group

Before the completion of the Reorganisation, combined capital represented the share capital of the companies now comprising the Group after elimination of inter-company investments.

Share capital of the Company

The Company was incorporated in the Cayman Islands on 16 May 2018 with an initial authorized share capital of US$50,000 divided into 500,000,000 shares with a par value of US$0.0001 each.

	Number of shares	Nominal value of shares	Equivalent nominal value of shares
		US$	*RMB*
As at 16 May 2018 (date of incorporation)	1	0.0001	0.0007
Allotment of shares to equity holders of Suzhou Koshine *(Note 1.2(c))*	606,653	61	415
As at 31 December 2018	606,654	61	415
As at 1 January 2019	606,654	61	415
Allotment of shares *(Note 1.2)*	22,436,222	2,243	15,075
Allotment of shares to Series D investors *(Note 29(g))*	2,299,975	230	1,625
As at 31 December 2019	25,342,851	2,534	17,115

Pursuant to the shareholders' resolution passed on 30 April 2020, conditional on the share premium of the Company being credited as a result of the issue of shares pursuant to the global offering, the Company will capitalise the sum of USD24,933.79 allot and issue a total of 249,337,890 shares credited as fully paid at par to the holders of shares whose names appear on the register of members of the Company at the close of business on the business day proceeding to the listing date in proportion to their then existing shareholdings in the Company.

28 SHARE HELD FOR EMPLOYEE SHARE SCHEME

Pursuant to an equity transfer agreement signed between Suzhou Kintor and its investors on 22 December 2015, certain investors of Suzhou Kintor, namely Suzhou Taihong Jinghui Investment Centre (Limited Partnership) and Highlight Medical Limited transferred their aggregate equity interests of 5.2% in Suzhou Kintor to an employee shareholding platform for an employee share scheme, namely Suzhou Hongtuo Investment Consulting Centre (Limited Partnership) (the "Suzhou Hongtuo"), which is held by Dr. Chunyun Chen, the vice general manager of Suzhou Kintor and Dr. Chuangxing Guo, the executive director of Suzhou Kintor, at total consideration of US$431,569 to the respective investors. The equity transfer was completed in 2016.

The related amount of US$431,569 (equivalent to approximately RMB2,745,000) was recognised in the consolidated statements of changes in equity as a transaction with owners for the year ended 31 December 2015.

The equity transfer is regarded as an establishment of equity incentive to Suzhou Kintor's management.

No share options were granted under the employee share scheme and the shares held by Suzhou Hongtuo were deregistered on 24 December 2018.

As at 31 December 2018, the consideration payables for the repurchase of these shares amounting to US$431,569 were included in "amounts due to related parties" (Note 32(iii)). In 2019, such payables were waived by Suzhou Taihong Jinghui Investment Centre (Limited Partnership) and Highlight Medical Limited pursuant to the supplemental agreement signed between Suzhou Kintor and them.

29 RESERVES

The Group

	Capital accumulation reserve *RMB'000 (note (a))*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2018	60,537	(78,018)	(17,481)
Loss for the year	–	(108,484)	(108,484)
Capital contribution from equity holders *(note (b))*	283,739	–	283,739
Capital reduction from equity holders of Suzhou Kintor *(note (c))*	(1,769)	–	(1,769)
Capital reduction from Suzhou Kintor for the purpose of share swap with the shares of the Company in connection with the Reorganisation *(note (d))*	(36,127)	–	(36,127)
Acquisition of a subsidiary *(note (e))*	115,114	–	115,114
At 31 December 2018	421,494	(186,502)	234,992
Loss for the year	–	(232,577)	(232,577)
Capital injection to the Company from then equity holders of Suzhou Kintor in connection with the Reorganisation *(note (f))*	35,464	–	35,464
Effect of reorganisation *(note 1.2 and note (f))*	21,920	–	21,920
Waiver of consideration payables for the repurchase of shares under the employee share scheme *(note 28)*	2,745	–	2,745
Capital contribution from equity holders *(note (g))*	307,103	–	307,103
At 31 December 2019	788,726	(419,079)	369,647

(a) Capital accumulation reserve includes share premium arising from the issue of shares at a price in excess of their par value.

(b) In 2018, certain investors subscribed shares of Suzhou Kintor, resulting in increases in share capital and capital accumulation reserve of RMB3,240,000 and RMB283,739,000 respectively. This capital injection was completed in 2018.

(c) In 2018, Suzhou Kintor repurchased some equity holders' shares and reduced its registered capital, resulting in decreases in share capital and capital accumulation reserve of RMB976,000 and RMB1,769,000 respectively.

(d) In 2018, Suzhou Kintor repurchased some equity holders' shares and reduced its registered capital for the purpose of share swap with the shares of the Company in connection with the Reorganisation, resulting in decreases in share capital and capital accumulation reserve of RMB5,234,000 and RMB36,127,000 respectively. On 24 December 2018, the Administrative Authority for Industry and Commerce granted permission to change the registered capital of Suzhou Kintor to RMB16,685,000. The repurchase consideration amounting to RMB41,361,000 was paid in 2019.

(e) For information about the acquisition of Suzhou Koshine refer to Note 31.

(f) In March and June 2019, the Company issued and allotted a total number of 21,919,442 ordinary shares to the then equity owners of Suzhou Kintor in consideration of RMB41,361,000 and in exchange for their respective shareholding in Suzhou Kintor, resulting in increases in share capital and capital accumulation reserve of RMB15,000 and RMB57,384,000 and a decrease in combine capital of RMB16,685,000 respectively. This share subscription was completed in June 2019.

(g) In August, September and December 2019, the Company issued and allotted a total number of 2,299,975 ordinary shares to Series D investors at US$44,048,000 in aggregate, resulting in increases in share capital and capital accumulation reserve of RMB2,000 and RMB307,103,000, respectively. This share subscription was completed in December 2019.

The Company

	Capital accumulation reserve *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 16 May 2018 (the date of the incorporation of the Company)	–	–	–
Allotment of shares to the equity holders of Suzhou Koshine *(Note 1.2(c))*	115,114	–	115,114
At 31 December 2018	115,114	–	115,114
Loss for the year	–	(5,211)	(5,211)
Allotment of shares in respect of the Reorganisation *(Note 1.2(b))*	2,895,401	–	2,895,401
Allotment of shares to Series D investors *(note (g))*	307,103	–	307,103
At 31 December 2019	3,317,618	(5,211)	3,312,407

30 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(i) Reconciliation of loss before income tax to cash used in operations

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Loss before income tax	(108,484)	(232,577)
Adjustments for:		
Amortisation of intangible assets *(Note 16)*	3	69
Depreciation of property, plant and equipment *(Note 14)*	1,279	1,829
Depreciation of right-of-use assets *(Note 7)*	1,160	2,770
Gains on financial assets at fair value through profit or loss *(Note 8)*	(932)	–
Interest income from financial assets measured at amortized cost *(Note 6)*	(3,550)	(578)
Losses on disposal of property, plant and equipment – net *(Note 8)*	5	2
Interest expenses *(Note 9)*	3,865	1,813
Interest income *(Note 6)*	(1,066)	(1,476)
Foreign exchange losses/(gains) on financing activities	142	(701)
Exchange losses on cash and cash equivalent	–	2,778
Changes in working capital:		
– Trade and other receivables	(10,835)	(10,692)
– Trade and other payables	11,726	26,670
– Deferred income	327	(48)
– Other non-current assets	(4,941)	(15,785)
Cash used in operations	(111,301)	(225,926)

(ii) Major non-cash transactions

During the Track Record Period, the principal non-cash transactions are the issuance of 1,123,434 shares and 21,919,442 shares of the Company with a par value of US$0.0001 each to the equity holders of Suzhou Koshine and Suzhou Kintor respectively, and the addition of right-of-use assets of RMB3,148,000, RMB3,311,000, respectively, for the years ended 31 December 2018 and 2019 as disclosed in Note 15.

(iii) Reconciliation of liabilities from financing activities

	Payables for reduction of capital	Amounts due to related parties for repurchase shares of employee share scheme	Lease liabilities	Borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	–	2,820	2,363	45,000	50,183
Financing cash flows in	–	–	–	75,000	75,000
Financing cash flows out	–	–	(981)	(55,000)	(55,981)
Interest expenses	–	–	113	–	113
Non-cash transactions	41,361	142	3,148	–	44,651
At 31 December 2018	41,361	2,962	4,643	65,000	113,966
Financing cash flows in	–	–	–	58,700	58,700
Financing cash flows out	(40,877)	–	(2,818)	(65,000)	(108,582)
Interest expenses	–	–	261	–	261
Non-cash transactions	(484)	(2,962)	3,311	–	(248)
At 31 December 2019	–	–	5,397	58,700	64,097

31 BUSINESS COMBINATIONS

On 5 November 2018, pursuant to the resolution of equity holders' meeting of Suzhou Kintor and the share swap agreement between the equity holders of Suzhou Koshine and the Company in 2018, the Group obtained 100% control of Suzhou Koshine at a consideration of RMB115,114,000 to be settled by issuance of 1,123,434 shares of the Company. As part of the reorganisation scheme, the 606,654 shares were issued as at 31 December 2018 and the 516,780 shares were issued on 15 March 2019. The acquisition is a business combination not under common control.

Details of the purchase consideration, the fair value of net identifiable assets acquired are as follows:

	5 November 2018 *RMB'000*
Purchase consideration:	
– Fair value of ordinary shares to be issued	115,114

The assets and liabilities recognised as a result of the acquisition are as follows:

	5 November 2018 *RMB'000*
Cash and cash equivalents	577
Property, plant and equipment	38
Other non-current assets	57
Intangible assets	155,272
Receivables	42
Deferred income tax liabilities	(38,818)
Trade and other payables	(2,054)
Net identifiable assets acquired	115,114

(i) Revenue and profit contribution

The acquired business contributed no revenue and net loss of RMB217,000 to the Group for the period from 5 November 2018 to 31 December 2018.

If the acquisition had occurred on 1 January 2018, consolidated net loss of the Group for the year ended 31 December 2018 would have been increased by RMB2,670,120. These amounts have been calculated using Suzhou Koshine's results and adjusting them for:

- differences in the accounting policies between the Group and Suzhou Koshine, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2018, together with the consequential tax effects.

	5 November 2018 *RMB'000*
Inflow of cash to acquire business, net of cash acquired	
– cash and cash equivalents in subsidiary acquired	577
Net cash inflow on acquisition	577

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The equity holders, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(i) Name and relationship with related parties are set out below:

Name of related party	Relationship
Suzhou Koshine Biomedica, Inc.	Entity under significant influence of equity holders (Dr. Youzhi Tong and Dr. Chuangxing Guo) before 5 November 2018
Suzhou Taihong Jinghui Investment Centre (Limited Partnership)	One of the equity holders before capital reduction from Suzhou Kintor
Highlight Medical Limited	One of the equity holders
SIP Sungent BioVenture Venture Capital Investment Partnership (Limited Partnership)	One of the equity holders before capital reduction from Suzhou Kintor
Tianjin Legend Star Venture Capital Co., Ltd.	One of the equity holders before capital reduction from Suzhou Kintor
SIP Joinne MingYuan Venture Capital Centre (Limited Partnership)	One of the equity holders before capital reduction from Suzhou Kintor
Youzhi Tong	One of the equity holders

Save as disclosed elsewhere in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period.

(ii) Transactions

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Discontinued		
Rental income from a related party:		
– Suzhou Koshine	18	–
Technology transfer and service income from a related party:		
– Suzhou Koshine *(Note 5)*	689	–
Provision of guarantees by related parties:		
– Youzhi Tong *(Note 22(a))*	45,000	–

The above guarantees were released as at 31 December 2019.

(iii) Balances

The related party balances as at 31 December 2018 and 2019, are shown below:

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Amounts due to related parties in relation to employee share scheme *(Note 28):*		
– Suzhou Taihong Jinghui Investment Centre (Limited Partnership)	1,700	–
– Highlight Medical Limited	1,262	–
	2,962	–

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Amounts due to related parties:		
– SIP Sungent BioVenture Venture Capital Investment Partnership (Limited Partnership)	18,631	–
– Tianjin Legend Star Venture Capital Co., Ltd.	9,500	–
– SIP Joinne MingYuan Venture Capital Centre (Limited Partnership)	10,000	–
– Suzhou Taihong Jinghui Investment Centre (Limited Partnership)	3,230	–
	41,361	–

As at 31 December 2018, all balances with related parties of the Group were non-interest bearing and non-trade in nature, and their fair values approximated their carrying amounts due to their short maturities. The balances with related parties include RMB2,962,000 related to consideration payable for the repurchase of shares from some shareholders for the employee share scheme (Note 28) and RMB41,361,000 related to capital reduction (Note 29(d)).

(iv) Provision of guarantees by related parties as at 31 December 2018 and 2019 are shown below:

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
– Youzhi Tong *(Note 22(a))*	65,000	–

(v) Key management compensation:

Key management includes executive directors, vice general manager and chief financial officer. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2018	2019
	RMB'000	*RMB'000*
Salaries, wages and bonuses	9,809	12,863
Contributions to pension plans	142	164
Housing funds, medical insurance and other social insurance	158	226
	10,109	13,253

33 COMMITMENTS

(i) Lease commitments (exclude the right-of-use assets and lease liabilities)

As at 31 December 2018 and 2019, the Group leases some office and equipment under irrevocable lease contracts with lease term less than one year and leases of low value that have been exempted from recognition of right-of-use assets permitted under IFRS16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
No later than 1 year	40	380
Later than 1 year and no later than 2 years	11	–
	51	380

(ii) Capital expenditure commitments

Capital expenditure contracted for as at 31 December 2018 and 2019 but not yet incurred by the Group are as follows:

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Land use right	–	21,000
Property, plant and equipment	36,118	51,629
Total	36,118	72,629

34 EMOLUMENTS OF DIRECTORS

(a) Details of emoluments in respect of the directors of the Company

The emoluments in respect of each of the directors paid/payable by the Group for the year ended 31 December 2019 are as follows:

	Fee	**Basic salaries and allowances**	**Bonus**	**Retirement benefit costs**	**Social security costs**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Dr. Youzhi Tong *(iii)*	208	1,595	394	36	45	2,278
Non-executive directors						
Dr. Chuangxing Guo *(iv)*	–	965	238	30	11	1,244
Mr. Gang Lu *(iv)*	–	–	–	–	–	–
Mr. Jie Chen *(iv)*	–	–	–	–	–	–
Dr. Bing Chen *(v)*	–	–	–	–	–	–
Ms. Xiaoyan Chen *(v)*	–	–	–	–	–	–
Dr. Michael Min Xu *(v)*	103	–	–	–	–	103
Dr. John Fenyu Jin *(v)*	103	–	–	–	–	103
Mr. Wallace Wai Yim Yeung *(v)*	103	–	–	–	–	103
	517	2,560	632	66	56	3,831

The emoluments in respect of each of the directors paid/payable by the Group for the year ended 31 December 2018 are as follows:

	Fee	Basic salaries and allowances	Bonus	Retirement benefit costs	Social security costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Dr. Youzhi Tong *(iii)*	–	1,075	270	34	36	1,415
Non-executive directors						
Dr. Chuangxing Guo *(iv)*	–	964	240	33	11	1,248
Mr. Gang Lu *(iv)*	–	–	–	–	–	–
Mr. Jie Chen *(iv)*	–	–	–	–	–	–
	–	2,039	510	67	47	2,663

(i) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries undertakings.

(ii) Bonus are determined based on the financial performance of the Group and the performance of each individual.

(iii) Dr. Youzhi Tong was appointed as the chairman of the Board and chief executive officer of the Group on 16 May 2018.

(iv) Dr. Chuangxing Guo, Mr. Gang Lu and Mr. Jie Chen were appointed as non-executive officers of the Group on 12 August 2019. Mr. Gang Lu and Mr. Jie Chen did not receive any emolument during the Track Record Period.

(v) Dr. Bing Chen, Ms. Xiaoyan Chen, Dr. Michael Min Xu, Dr. John Fenyu Jin and Mr. Wallace Wai Yim Yeung were appointed as non-executive officers of the Group on 12 August 2019, and they did not receive any emolument during the Track Record Period.

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the Track Record Period.

(e) Inducement or waiver of emoluments

No directors received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period. No directors waived or had agreed to waive any emoluments for the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

35 SUBSEQUENT EVENT

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Save as the subsequent event disclosed in Note 27 to this report, there are no other material subsequent events undertaken by the Group after 31 December 2019.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

The information set forth in this Appendix II does not form part of the Accountant's Report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following table of our unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of 31 December 2019 as if it had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 31 December 2019 or any future date.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as of 31 December 2019[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Pro forma net tangible assets of our Group attributable to the owners of our Company as of 31 December 2019**	**Pro forma net tangible assets of our Group attributable to the owners of our Company per Share as of 31 December 2019[(3),(4)]**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$17.80 per Offer Share	190,365	1,422,289	1,612,654	4.37	4.79
Based on an Offer Price of HK$20.15 per Offer Share	190,365	1,613,960	1,804,325	4.88	5.36

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 is extracted from the Accountant's Report included in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of our Company as of 31 December 2019 of RMB369.7 million less the intangible assets of our Group of 31 December 2019 of approximately RMB179.3 million.

(2) The estimated net proceeds from the Global Offering are based on 92,347,500 Offer Shares of an indicative Offer Prices of HK$17.80 and HK$20.15 per Offer Share, respectively, after deducting the underwriting fees and other related expenses (excluding listing expenses of RMB22.7 million which has been accounted for in the consolidated statements of comprehensive income up to 31 December 2019), and takes no account of any options which may be granted under the share option scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.

(3) The pro forma adjusted net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 369,389,600 Shares were in issue assuming the Global Offering and the Capitalisation Issue had been completed on 31 December 2019. It takes no account of any options which may be granted under the share option scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.

(4) No adjustment has been made to the pro forma adjusted net tangible assets of our Group attributable to owners of our Company as of 31 December 2019 to reflect any trading result or other transaction of our Group entered into subsequent to 31 December 2019.

(5) For the purpose of the pro forma adjusted net tangible assets of our Group attributable to the owners of our Company per Share, the amount stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.9106. No representation is made that the amounts in Renminbi have been, could have been or may be converted to the amounts in Hong Kong dollars, or vice versa, at that rate or at all.

B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Kintor Pharmaceutical Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kintor Pharmaceutical Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 12 May 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2019 as if the proposed initial public offering 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 information for the year ended 31 December 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("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 behaviour.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 12 May 2020

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation of the property interest held by the Group in the PRC as at 29 February 2020.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

27th Floor, Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kowloon
Hong Kong

12 May 2020

The Directors
Kintor Pharmaceutical Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions for us to value the property interest held by Kintor Pharmaceutical Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 29 February 2020 (the "valuation date") for the purpose of incorporating into the prospectus.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

Our valuation has been made on the assumption that the owner sells the property interest on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interest at the relevant government bureau in the PRC. We have been provided with certain extracts of title documents relating to the property interest in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion (the "PRC legal opinion") provided by the Company's PRC legal adviser, AllBright Law Offices.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property is free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars (HK$). The exchange rate used in valuing the property in the PRC as at 29 February 2020 was HK$1=RMB0.897. There has been no significant fluctuation in the exchange rate for Renminbi (RMB) against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Note:

Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over thirty one years' experiences in undertaking valuations of properties in Hong Kong and has over twenty five years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property interest held by the Group under development in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2020
An industrial complex located at the north-western side of the junction of Qingqiu Street and Songbei Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	The property comprises a parcel of land with a site area of approximately 19,998.42 sq.m and 7 buildings being constructed thereon. The buildings are being constructed to have a total gross floor area of approximately 16,656.76 sq.m. and are scheduled to be completed in July 2020. The buildings mainly include a workshop, a laboratory, an office, a warehouse and ancillary buildings. The land use rights of the property have been granted for a term expiring on 6 June 2067 for industrial uses.	As at the valuation date, the superstructure of the property was completed and the property was under mechanical and electrical installation works.	RMB115,350,000 (equivalent to approximately HK$128,600,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 29 February 2020** RMB115,350,000 (equivalent to approximately HK$128,600,000)

Notes:

1. According to a State-owned Land Use Rights Grant Contract (Document No.: 3205032017CR0012), the land use rights of a parcel of land with a site area of approximately 19,998.42 sq.m. were contracted to be granted to Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) ("Suzhou Kintor") for a term of 50 years for industrial uses. The land premium was RMB9,640,000.

2. According to a Real Estate Title Certificate (Document No.: Su (2017) Suzhou Gong Ye Yuan Qu Bu Dong Chan Quan No. 0000166), the land use rights of the property having a site area of approximately 19,998.42 sq.m have been granted to Suzhou Kintor for a term expiring on 6 June 2067 for industrial uses.

3. According to a Construction Land Planning Permit (Document Nos.: Di Zi No. C20170003-01), the property with a site area of approximately 2 hectares was permitted to be developed.

4. According to 3 Construction Works Planning Permits (Document Nos.: 20171639, 20182906 and 20191126), the construction works of the property with a total gross floor area of approximately 16,566.25 sq.m. are in compliance with the construction works requirement and have been approved.

5. According to 3 Construction Works Commencement Permits (Document Nos.: 320594201812070101, 320594201906030101 and 320594201912030101), the construction works of the property with a total gross floor area of approximately 16,523.30 sq.m. are in compliance with the requirement for works commencement and have been approved.

6. As advised by the Group, the total construction cost of the buildings is estimated to be approximately RMB124,500,000, of which approximately RMB69,470,000 had been paid up to the valuation date.

7. The capital value when completed of the proposed development as at the valuation date is approximately RMB143,260,000.

8. Suzhou Kintor is an indirect wholly-owned subsidiary of the Company.

9. The PRC legal opinion states, inter alia, the following:

   (i) Suzhou Kintor has obtained the Real Estate Title Certificate and has legally obtained the land use rights of the property. Suzhou Kintor is the sole legal land use rights owner and is entitled to occupy, use, transfer, lease, mortgage or handle the land use rights of the property by other means complied with the PRC laws.

   (ii) Suzhou Kintor has obtained the Construction Land Planning Permit, Construction Works Planning Permits and Construction Works Commencement Permits of the property and is entitled to develop the property.

   (iii) The property is free from any mortgages, charges and third party encumbrances.

10. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Grant Contract	Yes
(ii)	Real Estate Title Certificate	Yes
(iii)	Construction Land Planning Permit	Yes
(iv)	Construction Works Planning Permits	Yes
(v)	Construction Works Commencement Permits	Yes

11. The property was inspected by Mr. Jin Guang Wei, China Real Estate Appraiser, on 2 March 2020.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 May 2018 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 30 April 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(A) increase its share capital by the creation of new shares;

(B) consolidate all or any of its capital into shares of larger amount than its existing shares;

(C) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(D) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(E) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal

register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(A) he resigns by notice in writing delivered to the Company;

(B) he becomes of unsound mind or dies;

(C) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(D) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(E) he is prohibited from being a director by law; or

(F) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the

nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(A) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(B) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(C) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(D) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(E) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf

of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(A) the declaration and sanctioning of dividends;

(B) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(C) the election of directors in place of those retiring;

(D) the appointment of auditors and other officers;

(E) the fixing of the remuneration of the directors and of the auditors;

(F) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(G) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings

to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is

on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands on 16 May 2018 as an exempted company with limited liability under the Cayman Companies Law. Our Company has established a principal place of business in Hong Kong at Suite 603, 6/F, Laws Commercial Plaza, 788 Cheung Sha Wan Road, Kowloon, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 21 August 2018. Mr. Tsang Kwok Fai has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations is subject to Cayman Islands laws and its constitutive documents comprising the Memorandum of Association and the Articles of Association. A summary of certain provisions of our constitution and relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

2. Changes in Share Capital

(a) As of the date of the incorporation of our Company, the authorised share capital of our Company was US$50,000 divided into 500,000,000 Shares of a nominal or par value of US$0.0001 each. One fully paid Share was allotted and issued to the first subscriber on 16 May 2018, and was subsequently transferred to KT International on the same day.

(b) On 27 August 2018, KT International subscribed for 303,326 Shares and KG Development subscribed for 303,327 Shares, credited as fully paid.

(c) As part of the Reorganisation, on 15 March 2019, our Company allotted and issued a total number of 516,780 Shares to the respective offshore holding vehicles of the Remaining Original Shareholders of Suzhou Koshine credited as fully paid, in consideration of and in exchange for the transfer of the entire issued share capital in Koshine Pharmaceuticals by Remaining Original Shareholders of Suzhou Koshine. Please refer to "History, Development and Reorganisation – Reorganisation – Acquisition of Control of Suzhou Koshine" above for further details.

(d) As part of the Reorganisation, on 15 March 2019 and 1 June 2019, our Company allotted and issued a total number of 21,919,442 Shares to the respective offshore holding vehicles of relevant Pre-IPO Investors and our founders, Dr. Tong and Dr. Guo, credited as fully paid, in consideration of their respective shareholding in Suzhou Kintor. Please refer to "History, Development and Reorganisation – Reorganisation – Reorganisation Steps of Suzhou Kintor" above for further details.

(e) Between April and August 2019, the Company allotted and issued a total number of 2,299,975 Shares to the Series D Investors credited as fully paid. Please refer to "History, Development and Reorganisation – Pre-IPO Investments – Series D Investment" above for further details.

(f) For the purpose of the Employee Incentive Scheme, on 31 March 2020, the Shareholders resolved to allot and issue 2,361,359 Shares to Kiya.

(g) Immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), 369,389,600 Shares will be issued fully paid or credited as fully paid, and 130,610,400 Shares will remain unissued.

Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions of the Shareholders of Our Company" in this Appendix, the Over-allotment Option, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, we will not issue any Shares which would effectively alter the control of our Company.

(h) Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Resolutions of the Shareholders of Our Company

On 30 April 2020, resolutions of our Company were passed by the then Shareholders pursuant to which, among other things:

(a) our Company approved and adopted our Memorandum with immediate effect and conditionally approved and adopted our Articles of Association with effect from the Listing Date;

(b) conditional upon all the conditions set out in the paragraph headed "Structure of the Global Offering – Conditions of the Global Offering" in the Prospectus being fulfilled and subject to and conditional on the share premium of the Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, the Directors be and are hereby authorised to issue a total of 249,337,890 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of the Company at the close of business on the business day preceding the Listing Date, in proportion to their then existing respective shareholdings by way of capitalisation of the sum of approximately US$24,933.79 standing to the credit of the share premium account of the Company, and the Shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;

(c) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" and pursuant to the terms set out therein:

(i) the Global Offering was approved and the Directors were authorised to allot and issue the Shares pursuant to the Global Offering;

(ii) the Listing was approved and the Directors were authorised to implement the Listing;

(iii) a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of the Shares allotted or agreed to be allotted by the Directors other than pursuant to a (1) rights issue, (2) the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time; (3) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (4) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering; and

(B) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iv) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Articles or any applicable laws to hold its next annual general meeting or (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**");

(iv) a general unconditional mandate was granted to the Directors to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of Capitalisation Issue and the Global Offering, such mandate to remain in effect during the Relevant Period; and

(v) conditional on ordinary resolutions (iii) and (iv) above being passed, the general mandate granted to the Directors pursuant to ordinary resolution (iii) above be and is hereby extended by the addition to the aggregate nominal amount of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the mandate to purchase Shares under the authority granted pursuant to ordinary resolution (iv) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

4. Reorganisation

In order to rationalise our structure and prepare for the Listing, our Group has undertaken several restructuring steps. Please refer to "History, Development and Reorganisation – Reorganisation" of this prospectus for further details.

5. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountant's Report as set out in Appendix I to this prospectus.

The following subsidiaries have been incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Establishment/ Incorporation	Date of Establishment/ Incorporation
Suzhou Kintor	PRC	24 March 2009
Suzhou Koshine	PRC	21 September 2010
Kintor Pharmaceuticals	Hong Kong	17 May 2018
Kintor Science	Hong Kong	15 June 2018
Koshine Pharmaceuticals	Hong Kong	1 August 2018
Shanghai Xituo Biotechnology Co., Ltd. (上海禧拓生物科技有限公司)	PRC	10 April 2019
Kintor Pharmaceutical (Zhejiang) Co., Ltd. (開拓藥業(浙江)有限公司)	PRC	27 June 2019

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

(1) Suzhou Kintor

(a) On 23 June 2017, Suzhou Kintor issued shares in the following manner:

- 482,217 shares to Highlight Medical;
- 259,655 shares to Taihong Jinghui; and
- 132,485 shares to Joinne Mingyuan.

(b) On 11 April 2018, Suzhou Kintor issued shares in the following manner:

- 786,252 shares to Green Pine;
- 561,608 shares to Dongzheng Tengcong;
- 449,286 shares to Beixin Fund;
- 393,126 shares to Highlight Medical;

- 336,965 shares to Jirun Investment;
- 336,965 shares to CCB Investment;
- 263,624 shares to Origin VC; and
- 112,322 shares to Lhasa Qingzhe.

(c) On 13 February 2018, CCB Investment and CCBI Wealth Management entered into a share transfer agreement supplemented by an agreement dated 13 March 2019 for the transfer of 224,000 shares from CCB Investment to CCBI Wealth Management.

(d) On 30 March 2018, Taihong Jinghui and Cherry Cheeks entered into a share transfer agreement for the transfer of 366,416 shares from Taihong Jinghui to Cherry Cheeks.

(e) On 8 November 2018, Suzhou Kintor issued 5,234,941 shares to Kintor Science.

(f) On 24 December 2018, Suzhou Kintor repurchased shares in the following manner and decreased its share capital from RMB22,895,590 to RMB16,684,501:

- 1,930,700 shares from BioVenture Investment;
- 2,800,000 shares from Legend Star;
- 976,148 shares from Hongtuo Investment;
- 275,285 shares from Joinne MingYuan; and
- 228,956 shares from Taihong Jinghui

(g) On 19 March 2019, the following transfers of shares has been registered:

- 1,862,824 shares from Origin VC to Oriza Flight;
- 4,800,400 shares from Dr. Tong to Kintor Science;
- 4,800,400 shares from Dr. Guo to Kintor Science;
- 112,322 shares from Lhasa Qingzhe to Kintor Science; and
- 336,965 shares from Jirun Investment to Kintor Science.

(h) On 31 May 2019, the following transfers of shares has been registered:

- 366,416 shares from Cherry Cheeks to Kintor Science;
- 2,000,777 shares from Highlight Medical to Kintor Science;
- 449,286 shares from Beixin Fund to Kintor Science;

- 112,965 shares from CCB Investment to Kintor Science;
- 224,000 shares from CCBI Wealth Management to Kintor Science;
- 561,608 shares from Dongzheng Tengcong to Kintor Science;
- 786,252 shares from Green Pine to Kintor Science; and
- 270,286 shares from Taihong Jinghui to Kintor Science.

(2) Suzhou Koshine

On 5 November and 27 November 2018, Suzhou Koshine changed its shareholding structure in the following manner:

- fifty-four per cent. (54.0%) of shareholding rights to Kintor Science for subscribed capital contribution of RMB4,050,000; and
- forty-six per cent. (46%) of shareholding rights to Koshine Pharmaceuticals for subscribed capital contribution of RMB3,450,000.

Save as disclosed above, there has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

Save for the subsidiaries mentioned in the Accountant's Report set out in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(1) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on 30 April 2020, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the

Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(b) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. 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 Listing Rules. As a matter of Cayman law, any repurchases by our Company may be made out of profits of our Company, out of the credit standing in the share premium account of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, if so authorised by the Articles and subject to the provisions of the Cayman Companies Law, out of capital. Any premium payable on the repurchase must be provided for out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if so authorised by the Articles and subject to the Cayman Companies Law, out of capital.

(c) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) 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. Under the Cayman Companies Law, unless, prior to the purchase, the directors of our Company resolve to hold the shares purchased

by our Company as treasury shares, the repurchased shares will be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. The purchase of shares shall not be taken to reduce the amount of the authorised share capital of our Company under Cayman law.

(e) Suspension of Repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time 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 (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), 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. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(f) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(g) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the listed company.

(2) Reasons for Repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of the Shares will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders.

(3) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(4) General

The exercise in full of the Repurchase Mandate, on the basis of 369,389,600 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 36,938,960 Shares being repurchased by our Company during the period prior to the earliest of:

(a) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(b) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

(c) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the total number of the Shares then in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a share subscription agreement dated 11 January 2018 entered into between Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) and CCBI Healthcare Growth Fund (建創中民(昆山)創業投資企業(有限合夥)) pursuant to which Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) agreed to issue and allot and CCBI Healthcare Growth Fund (建創中民(昆山)創業投資企業(有限合夥)) agreed to subscribe for and purchase 336,965 shares of Suzhou Kintor at the price of RMB89.03 for each share;

(b) a share subscription agreement dated 11 January 2018 entered into between Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) and Suzhou Industrial Park Origin Venture Capital Co., Ltd. (蘇州工業園區原點創業投資有限公司), pursuant to which Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) agreed to issue and allot and Suzhou Industrial Park Origin Venture Capital Co., Ltd. (蘇州工業園區原點創業投資有限公司) agreed to subscribe for and purchase 263,624 shares of Suzhou Kintor at the price of RMB89.03 for each share;

(c) a share subscription agreement dated 11 January 2018 ("**Original Hangzhou Beixin Subscription Agreement**") entered into between Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) and Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)), pursuant to which Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) agreed to issue and allot and Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)) agreed to subscribe for and purchase 449,287 shares of Suzhou Kintor at the price of RMB89.03 for each share;

(d) a supplemental agreement dated 1 March 2018 entered into between Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) and Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)), pursuant to which Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) and Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)) agreed to amend the Original Hangzhou Beixin Subscription Agreement as Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司) agreed to issue and allot and Hangzhou Beixin Equity Investment Fund Partnership (Limited Partnership) (杭州貝欣股權投資基金合夥企業(有限合夥)) agreed to subscribe for and purchase 449,286 shares of Suzhou Kintor instead of 449,287 shares;

(e) a share subscription agreement dated 28 April 2019 (the "**Original FTZ Share Subscription Agreement**") entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Shanghai Pilot Free Trade Zone Phase One Private Equity Fund Partnership (Limited Partnership) (上海自貿試驗區一期股權投資基金合夥企業(有限合夥)) and Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)), pursuant to which our Company agreed to issue and allot and each of Shanghai Pilot Free Trade Zone Phase One Private Equity Fund Partnership (Limited Partnership) (上海自貿試驗區一期股權投資基金合夥企業(有限合夥)) and Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)) agreed to subscribe for and purchase 626,583 and 156,646 Shares at the price of US$12,000,000 and US$3,000,000 respectively;

(f) an amendment agreement to share subscription agreement dated 29 August 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Shanghai Pilot Free Trade Zone Phase One Private Equity Fund Partnership (Limited Partnership) (上海自貿試驗區一期股權投資基金合夥企業(有限合夥)) and Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)), pursuant to which our Company and each of Shanghai Pilot Free Trade Zone Phase One Private Equity Fund Partnership (Limited Partnership) (上海自貿試驗區一期股權投資基金合夥企業(有限合夥)) and Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)) agreed to amend the Original FTZ Share Subscription Agreement as our Company agreed to issue and allot and Chengdu Hi-Tech Free Trade Zone Equity Fund Partnership (Limited Partnership) (成都高新自貿區股權投資基金合夥企業(有限合夥)) agreed to subscribe for and purchase 154,035 Shares at the price of US$2,950,000;

(g) a share subscription agreement dated 23 April 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司), Youzhi Tong, KT International Investment Limited, Chuangxing Guo, KG Development Limited and Sinvas Asset Management Pte. Ltd, pursuant to which our the Company agreed to issue and allot and Sinvas Asset Management Pte. Ltd agreed to subscribe for and purchase 52,215 Shares at the price of US$1,000,000;

(h) a share subscription agreement dated 6 June 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Guangzhou Chengfa Investment Management Advisory Co., Ltd (廣州城發投資管理諮詢有限公司), pursuant to which our Company agreed to issue and allot and Guangzhou Chengfa Investment Management Advisory Co., Ltd (廣州城發投資管理諮詢有限公司) agreed to subscribe for and purchase 261,077 Shares at the price of US$5,000,000;

(i) a share subscription agreement dated 29 April 2019 ("**Original Beijing Yicheng Hongtai Share Subscription Agreement**") entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司), pursuant to which our Company agrees to issue and allot and Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司) agrees to subscribe for and purchase 6,207 Shares at the price of US$118,880;

(j) an amendment agreement to share subscription agreement dated 19 July 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司), pursuant to which our Company and Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司) agreed to amend the Original Beijing Yicheng Hongtai Share Subscription Agreement as our Company agreed to issue and allot and Beijing Yicheng Hongtai Technology Investment Management Co., Ltd. (北京亦城宏泰科技投資管理有限公司) agreed to subscribe for and purchase 5,400 Shares at the price of US$103,418;

(k) a share subscription agreement dated 29 April 2019 ("**Original Beijing Yirongchuang Share Subscription Agreement**") entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Beijing Yirongchuang Biopharmaceutical Industry Investment Center (Limited Partnership) (北京亦融創生物醫藥投資中心(有限合夥)), pursuant to which our Company agreed to issue and allot and Beijing Yirongchuang Biopharmaceutical Industry Investment Center (Limited Partnership) (北京亦融創生物醫藥投資中心(有限合夥)) agreed to subscribe for and purchase 310,368 Shares at the price of US$5,944,000;

(l) an amendment agreement to share subscription agreement dated 19 July 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Beijing Yirongchuang Biopharmaceutical Industry Investment Center (Limited Partnership) (北京亦融創生物醫藥投資中心(有限合夥)), pursuant to which our Company and Beijing Yirongchuang Biopharmaceutical Industry Investment Center (Limited Partnership) (北京亦融創生物醫藥投資中心(有限合夥)) agreed to amend the Original Beijing Yirongchuang Share Subscription Agreement as our Company agreed to issue and allot 270,000 Share at the price of US$5,170,901;

(m) a share subscription agreement dated 24 May 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and Cherry Cheeks HK Limited, pursuant to which our Company agreed to issue and allot and Cherry Cheeks HK Limited agreed to subscribe for and purchase 69,113 Shares at the price of US$1,323,617.62;

(n) a share subscription agreement dated 15 May 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司), Youzhi Tong, KT International Investment Limited, Chuangxing Guo, KG Development Limited and Zhuhai Huajin Chuangying No. 8 Equity Investment Fund Partnership (Limited Partnership) (珠海華金創盈八號股權投資基金合夥企業(有限合夥)), pursuant to which our Company agreed to issue and allot and Zhuhai Huajin Chuangying No. 8 Equity Investment Fund Partnership (Limited Partnership) (珠海華金創盈八號股權投資基金合夥企業(有限合夥)) agreed to subscribe for and purchase 417,722 Shares at the price of US$8,000,000;

(o) a share subscription agreement dated 22 May 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司) and CCBI Tech Venture (Suzhou) Combined Debt & Equity Private Equity Fund, LLP (建銀科創(蘇州)投貸聯動股權投資基金(有限合夥)), pursuant to which, our Company agreed to issue and allot and CCBI Tech Venture (Suzhou) Combined Debt & Equity Private Equity Fund, LLP (建銀科創(蘇州)投貸聯動股權投資基金(有限合夥)) agreed to subscribe for and purchase 365,507 Shares at the price of US$7,000,000;

(p) a share subscription agreement dated 29 May 2019 entered into between our Company, Koshine Pharmaceuticals Limited, Kintor Science Limited, Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), Suzhou Koshine Biomedica, Inc. (蘇州開禧醫藥有限公司), Youzhi Tong, KT International Investment Limited, Chuangxing Guo, KG Development Limited and CHEUNG Ming Ming (章明明), pursuant to which our Company agreed to issue and allot and CHEUNG Ming Ming (章明明) agreed to subscribe for and purchase 78,323 Shares at the price of US$19.1515 per Shares;

(q) a cornerstone investment agreement dated 27 April 2020 and entered into amongst our Company, Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司), Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited, whereby Zhuhai Gree Financial Investment Management Co. Ltd (珠海格力金融投資管理有限公司) agreed to subscribe at the Offer Price (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and the Stock Exchange trading of 0.005%) for such number of Offer Shares that may be subscribed for in the amount of US$98,000,000;

(r) a cornerstone investment agreement dated 8 May 2020 and entered into amongst our Company, Foresight Orient Global Superior Choice SPC – Global Superior Choice Fund 1 SP, Foresight Orient Global Superior Choice SPC – Vision Fund 1 SP, Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, whereby Foresight Orient Global Superior Choice SPC – Global Superior Choice Fund 1 SP and Foresight Orient Global Superior Choice SPC – Vision Fund 1 SP collectively agreed to subscribe at the Offer Price (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and the Stock Exchange trading of 0.005%) for such number of Offer Shares that may be subscribed for in the amount of US$5,000,000;

(s) a cornerstone investment agreement dated 8 May 2020 and entered into amongst our Company, Highlight Medical Limited, Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited, whereby Highlight Medical Limited agreed to subscribe at the Offer Price (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and the Stock Exchange trading of 0.005%) for such number of Offer Shares that may be subscribed for in the amount of US$5,000,000;

(t) a cornerstone investment agreement dated 8 May 2020 and entered into amongst our Company, Cherry Cheeks HK Limited, Huatai Financial Holdings (Hong Kong) Limited, UBS AG Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited, whereby Cherry Cheeks HK Limited agreed to subscribe at the Offer Price (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and the Stock Exchange trading of 0.005%) for such number of Offer Shares that may be subscribed for in the amount of US$7,000,000; and

(u) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(1) Registered Trademarks

As of 31 December 2019, our Group had registered the following trademarks which we consider to be or may be material to our business:

Trademark	Registered Owner	Class(es)	Place of Registration	Validity Period	Registration No.
EZ²GROW	Suzhou Koshine	Class 5	China	21 December 2014 to 20 December 2024	13002883
EZ²GROW	Suzhou Koshine	Class 3	China	28 December 2014 to 27 December 2024	13002601
恩植	Suzhou Koshine	Class 3	China	14 June 2012 to 13 June 2022	9516943
開業藥拓	Kintor Pharmaceutical Limited	Class 44	China	28 July 2019 to 27 July 2029	33520381
開業藥拓	Kintor Pharmaceutical Limited	Class 35	China	28 July 2019 to 27 July 2029	33535988
KINTOR	Kintor Pharmaceutical Limited	Class 35	China	7 September 2019 to 6 September 2029	33524852
Koshine Biomedica	Suzhou Koshine	Class 5	China	28 September 2019 to 27 September 2029	33516925
Koshine Biomedica	Suzhou Koshine	Class 35	China	14 August 2019 to 13 August 2029	33524893

Trademark	Registered Owner	Class(es)	Place of Registration	Validity Period	Registration No.
Koshine Biomedica	Suzhou Koshine	Class 42	China	21 October 2019 to 20 October 2029	33532776
Koshine Biomedica	Suzhou Koshine	Class 44	China	28 September 2019 to 27 September 2029	33532789
Koshine Biomedica	Suzhou Koshine	Class 3	China	28 September 2019 to 27 September 2029	33535609
A. 開藥業拓 B. 開藥業拓	Kintor Pharmaceutical Limited	Class 5	Hong Kong	1 April 2019 to 9 August 2028	304629934
A. 開藥業拓 B. 開藥業拓	Kintor Pharmaceutical Limited	Classes 35, 42 & 44	Hong Kong	3 April 2019 to 16 September 2028	304671964
A. KINTOR B. KINTOR	Kintor Pharmaceutical Limited	Classes 5, 35, 42 & 44	Hong Kong	3 April 2019 to 16 September 2028	304671946
A. Koshine Biomedica B. Koshine Biomedica	Suzhou Koshine	Classes 3, 5, 35, 42 & 44	Hong Kong	29 January 2019 to 16 September 2028	304671973

(2) Trademarks Applications Pending

As of 31 December 2019, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

Trademark	Application No.	Class(es)	Place of Application	Application Date	Applicant
妥普安	38701137	5	China	5 June 2019	Suzhou Kintor
妥普宁	38691103	5	China	5 June 2019	Suzhou Kintor
妥普宁	38685778	10	China	5 June 2019	Suzhou Kintor
妥普安	38693332	10	China	5 June 2019	Suzhou Kintor
開藥業拓	33522477	Class 42	China	14 September 2018	the Company
開藥業拓	33537648	Class 5	China	14 September 2018	the Company
KINTOR	33524830	Class 5	China	14 September 2018	the Company

Trademark	Application No.	Class(es)	Place of Application	Application Date	Applicant
	37357295	Class 5	China	8 April 2019	the Company
Koshine Biomedica	37980153	Class 5	China	6 May 2019	Suzhou Koshine
	88/125,992	Classes 5, 35, 42 & 44	The United States of America	20 September 2018	the Company
KINTOR	88/125,988	Classes 5, 35, 42 & 44	The United States of America	20 September 2018	the Company
A. Koshine Biomedica	88/125,995	Classes 3, 5, 35, 42 & 44	The United States of America	20 September 2018	Suzhou Koshine

(3) Registered Patents

As of 31 December 2019, we had been granted the following patents which we consider to be or may be material to our business:

Patent Description	Patent No.	Registered Owner	Place of Application	Expiry Date	Drug Candidate
Androgen receptor antagonists	2012/02029	Suzhou Kintor	South Africa	8 September 2030	Pyrilutamide (KX-826)
Anti-prostate cancer androgen receptor antagonists	201010120494.9	Suzhou Kintor	China	24 February 2030	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	5659232	Suzhou Kintor	Japan	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	10-1456994	Suzhou Kintor	South Korea	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	8,809,550	Suzhou Kintor	The United States of America	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	9,216,957	Suzhou Kintor	The United States of America	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	5833681	Suzhou Kintor	Japan	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	10-1567958	Suzhou Kintor	South Korea	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	2013/07115	Suzhou Kintor	South Africa	8 March 2032	Proxalutamide (GT0918)

Patent Description	Patent No.	Registered Owner	Place of Application	Expiry Date	Drug Candidate
Androgen receptor antagonists and uses thereof	2475647	Suzhou Kintor	Switzerland, Germany, France and the United Kingdom	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	2,772,579	Suzhou Kintor	Canada	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	201080037746.X	Suzhou Kintor	China	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	201280012086.9	Suzhou Kintor	China	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	J/002084	Suzhou Kintor	Macao	8 September 2030	Pyrilutamide (KX-826)
Androgen receptor antagonists and uses thereof	J/002076	Suzhou Kintor	Macao	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	2683694	Suzhou Kintor	Germany	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	2012225038	Suzhou Kintor	Australia	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	2,829,322	Suzhou Kintor	Canada	8 March 2032	Proxalutamide (GT0918)
Androgen receptor antagonists and uses thereof	2598854	Suzhou Kintor	Russia	8 March 2032	Proxalutamide (GT0918)
Pyrimidine anti-tumour compound with Hedgehog antagonist activity	201310465383.5	Suzhou Kintor	China	8 October 2033	GT1708F
Novel antineoplastic compound containing pyrimidine skeleton and hedgehog pathway antagonist activity	201310463448.2	Suzhou Kintor	China	8 October 2033	GT1708F
Amido thiazole-pyridine heterocycle compound with activity of hedgehog path antagonist	201310485380.8	Suzhou Kintor	China	16 October 2033	GT1708F

Patent Description	Patent No.	Registered Owner	Place of Application	Expiry Date	Drug Candidate
Pyridine heterocyclic compounds having Hedgehog pathway antagonist activity, and use thereof	201410059077.6	Suzhou Kintor	China	21 February 2034	GT1708F
Androgen receptor antagonists and uses thereof	ZL201210081021.1	Suzhou Koshine	China	8 September 2030	Proxalutamide (GT0918)
Hedgehog pathway signalling inhibitors and therapeutic applications thereof	9,695,178	Suzhou Kintor	The United States of America	20 December 2033	GT1708F
Hedgehog pathway signalling inhibitors and therapeutic applications thereof	13871618.8/EP 2 945 623 B1	Suzhou Kintor	Germany, France and the United Kingdom	20 December 2033	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	2017294208	Suzhou Kintor	Australia	30 June 2037	GT1708F

(4) Patents Applications Pending

As of 31 December 2019, we had applied for the registration of the following patents which we consider to be or may be material to our business:

Patent Description	Application No.	Applicant	Place of Application	Application Date	Drug Candidate
Crystal form and salt form of thio-imidazolidinone compound and preparation method thereof	201510861715.0	Suzhou Kintor	China	30 November 2015	Proxalutamide (GT0918)
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	201780039105.X	Suzhou Kintor	China	30 June 2017	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	16/313,090	Suzhou Kintor	The United States of America	30 June 2017	GT1708F

Patent Description	Application No.	Applicant	Place of Application	Application Date	Drug Candidate
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	2018-568391	Suzhou Kintor	Japan	30 June 2017	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	3,029,086	Suzhou Kintor	Canada	30 June 2017	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	2017294208	Suzhou Kintor	Australia	30 June 2017	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	17823568.5	Suzhou Kintor	Europe	30 June 2017	GT1708F
Chiral heterocyclic compound with hedgehog pathway antagonist activity, method and use thereof	10-2019-7002920	Suzhou Kintor	South Korea	30 June 2017	GT1708F
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	201780038513.3	Suzhou Kintor	China	17 May 2017	Detorsertib (GT0486)
Dihydropyridodiazepinone compound having poly (ADP-ribose) polymerase (PARP) inhibitory activity and use thereof	CN201880013820.0	Suzhou Kintor	China	9 February 2018	GT1620
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	16/313,081	Suzhou Kintor	The United States of America	17 May 2017	Detorsertib (GT0486)
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	3,028,822	Suzhou Kintor	Canada	17 May 2017	Detorsertib (GT0486)
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	2017280293	Suzhou Kintor	Australia	17 May 2017	Detorsertib (GT0486)
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	17814538.9	Suzhou Kintor	Europe	17 May 2017	Detorsertib (GT0486)
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	2019-520187	Suzhou Kintor	Japan	17 May 2017	Detorsertib (GT0486)

Patent Description	Application No.	Applicant	Place of Application	Application Date	Drug Candidate
Mechanistic target of rapamycin signalling pathway inhibitors and therapeutic applications thereof	10-2019-7002079	Suzhou Kintor	South Korea	17 May 2017	Detorsertib (GT0486)
Dihydropyridophthalazinone compounds as inhibitors of poly(adp-ribose) polymerase (PARP) for treatment of diseases and method of use thereof	PCT/CN2018/075907	Suzhou Kintor	China	9 February 2018	GT1620
Dihydropyridophthalazinone compounds as inhibitors of poly(adp-ribose) polymerase (PARP) for treatment of diseases and method of use thereof	16/487,919	Suzhou Kintor	The United States of America	9 February 2018	GT1620
Androgen receptor antagonists	BR11 2013 0230282	Suzhou Kintor	Brazil	8 March 2012	Proxalutamide (GT0918)

Save as aforesaid, there are no other trademarks, patents, other intellectual or industrial property rights which are material in relation to our Group's business.

3. Domain names

As of 31 December 2019, our Group had registered the following domain names:

Domain Name	Registered Owner	Date of Registration	Expiration Date
kintor.com.cn	Suzhou Kintor	3 December 2014	3 December 2022
koshinemed.com	Suzhou Koshine	7 June 2011	7 June 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interest

(1) Interests and short positions of our Directors and the chief executives of our Company in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, are as follows:

Name of Director/ Chief Executive	Nature of interest	Number of securities	Approximate percentage of interest in our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised)
Dr. Tong[(1)(3)]	Interest in a controlled corporation Interest of party acting in concert	102,074,540	27.64%
Dr. Guo[(2)(3)]	Interest in a controlled corporation Interest of party acting in concert	102,074,540	27.64%
Mr. Jie Chen[(4)]	Interest in a controlled corporation	19,307,000	5.23%

Notes:

(1) Dr. Tong holds the entire share capital of KT International, which directly holds 51,037,270 Shares. Accordingly, Dr. Tong is deemed to be interested in 51,037,270 Shares held by KT International.

(2) Dr. Guo holds the entire share capital of KG Development, which directly holds 51,037,270 Shares. Accordingly, Dr. Guo is deemed to be interested in 51,037,270 Shares held by KG Development.

(3) Pursuant to the acting in concert confirmation on 27 August 2018. Dr. Tong and Dr. Guo acknowledged and confirmed, among other things, that they are acting in concert with each other. Accordingly, Dr. Guo and Dr. Tong are parties acting in concert (having the meaning ascribed to it under the Takeovers Code); and each of Dr. Tong and Dr. Guo is deemed to be interested in all the Shares in which any of them is interested under the SFO.

(4) Sungent Venture Limited will be directly interested in 19,307,000 Shares upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Sungent Venture Limited is wholly owned by BioVenture Investment. The general partner of BioVenture Investment is Suzhou Industrial Park Yuansheng Venture Capital Management Limited, which is owned as to 51% by Ningbo Yuanjue Venture Capital Management Partnership (Limited Partnership) (寧波元珏創業投資管理合夥企業(有限合夥)), as to 35% by Suzhou Sungent Holding Group Co., Ltd. (蘇州新建元控股集團有限公司) and as to 14% by Suzhou Industrial Park Bioindustry Development Co., Ltd. (蘇州工業園區生物產業發展有限公司). The general partner of Ningbo Yuanjue Venture Capital Management Partnership (Limited Partnership) (寧波元珏創業投資管理合夥企業(有限合夥)) is Mr. Jie Chen, one of our non-executive Directors. Accordingly, Mr. Jie Chen is deemed to be interested in 19,307,000 Shares held by Sungent Venture Limited.

(2) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to "Substantial Shareholders" of this prospectus for further details.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such share capital.

2. Particulars of Service Contracts and Letters of Appointment

The executive Director has entered into a service contract with our Company for a period commencing on 12 August 2019 for a term of three years subject always to re-election as and when required under the Articles and the provision under the service contract.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a period commencing on 12 August 2019 for a term of three years subject always to re-election as and when required under the Articles and the provision under the letter of appointment.

The director's fees payable by our Company to the relevant Director is subject to increase or reduction as shall be determined or approved by the Board and the Shareholders (as the case may be).

Each of our Directors is entitled to reimbursement from our Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her service contract or letter of appointment (as the case may be).

None of our Directors has entered into any service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

Please refer to "Directors and Senior Management – Compensation of Directors and Five Highest Paid Individuals" of this prospectus for further details of our Directors' remuneration.

4. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission and the Joint Bookrunners may receive a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in "Underwriting – Commissions and Expenses". Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors and experts referred to in "– Other Information – Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

Save as disclosed in this prospectus, our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to our Group.

Save as disclosed in this prospectus, there is no contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of our Group.

6. Disclaimers

Save as disclosed in this prospectus:

(a) None of our Directors nor any of the experts referred to in "– E. Other Information – 9. Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group.

(b) Other than the Underwriting Agreements, none of our Directors nor any of the experts referred to in "– E. Other Information – 9. Qualifications and Consents of Experts" below, 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.

(c) None of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(d) Save as disclosed in "Relationship with the Controlling Shareholder", neither the Controlling Shareholders nor our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

(e) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

D. EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of the Employee Incentive Scheme approved and adopted by our Board on 31 March 2020. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares.

(1) Purposes of the Employee Incentive Scheme

The purpose of the Employee Incentive Scheme is to incentivise senior management and employees for their contribution to the Group, and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in our Company.

(2) Administration of the Employee Incentive Scheme

The Employee Incentive Scheme shall be subject to the administration of the Board in accordance with the rules of the Employee Incentive Scheme. The Board may delegate the authority to administer the Employee Incentive Scheme to a designated administrator (the "**Administrator**"), being the Chief Financial Officer of the Company. The Board may also appoint one or more persons to assist in the administration of the Employee Incentive Scheme as the Board thinks fit.

The Board's or the Administrator's determinations under the Employee Incentive Scheme need not be uniform and may be made by it selectively with respect to persons who are granted, or are eligible to be granted Awards under it.

Each participant of the Employee Incentive Scheme (the "**Participant**") waives any right to contest, amongst other things, the Awards or equivalent value of cash underlying the Awards and the Board's administration of the Employee Incentive Scheme. A decision taken by the Board as regards the eligibility of a person will be final and binding.

(3) Awards

An Award may be granted in the form of RSA or RSU under the Employee Incentive Scheme. An RSA consists of Restricted Shares, which are shares granted to the Participant under the Employee Incentive Scheme that are subject to such vesting and transfer requirements as the Board shall determine, and such other conditions as set forth in the rules of the Employee Incentive Scheme.

An RSU gives the Participant a conditional right when the RSU vests to obtain Shares, less any tax, stamp duty and other charges applicable. Each RSU represents one underlying Share.

A Restricted Share or Share underlying the RSU may include, where applicable, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of any of the Shares or Restricted Shares underlying the Awards.

(4) Participants in the Employee Incentive Scheme

Persons eligible to receive Awards under the Employee Incentive Scheme ("**Eligible Persons**") include existing employees and officers of the Company or any of its subsidiaries, excluding any person who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Employee Incentive Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee as the case may be, compliance with applicable laws and regulations in such place makes in necessary or expedient to exclude such person. The Board selects the Eligible Persons to receive Awards under the Employee Incentive Scheme at its discretion.

(5) Term of the Employee Incentive Scheme

The Employee Incentive Scheme will be valid and effective for a period of ten years, commencing from the date of the first grant of the Awards, being 31 March 2020 (unless it is terminated earlier in accordance with its terms) (the "**Scheme Period**").

(6) Grant and acceptance

(a) Making an offer

An offer to grant Awards will be made to an Eligible Person selected by the Board ("**Selected Person**") by a letter ("**Grant Letter**"). The Grant Letter shall specify the Selected Person's name, the manner of acceptance of the Awards, the type of Award, whether RSA or RSU and the number of underlying Restricted Shares or Shares, as the case may be, represented by the Awards, the vesting criteria and conditions, the vesting schedule, the consideration payable and method of payment (where applicable) and such other details as the Board considers necessary.

(b) Acceptance of an offer

A Selected Person may accept an offer of the grant of Awards in such manner as set out in the Grant Letter. Once accepted, the Awards are deemed granted from the date of the Grant Letter ("**Grant Date**").

(7) Maximum number of Shares underlying the RSUs and Restricted Shares

The maximum number of Shares underlying the RSUs and Restricted Shares that may be granted under the Employee Incentive Scheme in aggregate (excluding Awards that have lapsed or been cancelled in accordance with the rules of the Employee Incentive Scheme) shall be such number of Shares underlying the RSUs or Restricted Shares (as the case may be) held or to be held by the Trustee for the purpose of the Employee Incentive Scheme from time to time but shall not exceed 2,361,359 Shares as at 31 March 2020.

(8) Rights attached to Awards

A Participant does not have any contingent interest in the Awards (being Restricted Shares or Shares underlying the RSUs) and/or the related income which is referable to the Awards subject to the vesting and settlement of consideration of the Awards. Further, a Participant will have no voting rights in respect of the Restricted Shares or Shares underlying the RSUs prior to their vesting and settlement of consideration and unless otherwise specified in the Grant Letter addressed to the Participant, nor does the Participant have any rights to any cash or non-cash income, dividends or distributions and/or sale proceeds of the non-cash and non-scrip distributions of any of the Shares or Restricted Shares underlying the Awards.

(9) Rights attached to Shares

Any Shares transferred to a Participant will be subject to all the provisions of the Articles of Association and will rank *pari passu* with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

(10) Assignment of rights

(a) Participants (or persons designated by such Participant) shall, after the grant and acceptance of the Awards and before the Shares in the Company are admitted to trading on the Stock Exchange, be allowed to assign and transfer all their interests, rights and benefits in respect of the Awards to Sovereign Trust (Hong Kong) Limited as Trustee of The Kintor Pharmaceutical Trust (the "**Kintor Trust**").

(b) In conjunction with the aforesaid assignment and transfer, the Participants shall become beneficiaries of the Kintor Trust which shall in all material respects adopt similar rules, and Participants shall enjoy the same rights, interests and benefits as provided for under the Rules of the Employee Incentive Scheme. This right of assignment and transfer shall be specific and limited only to the paragraph (a) above and this paragraph (b).

(c) Subject to paragraphs (a) and (b) above, the Awards that are granted to Participants (or persons designated by such Participant) under the Employee Incentive Scheme are personal and are in no way assignable or capable of being assigned. Participants (or persons designated by such Participant) are, subject to paragraphs (a) and (b) above, absolutely prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favour of any third person over or in relation to any property held by the Trustee which property is held on trust for the Participants, the Awards or any interest therein including but not limited to any related income referable to the Restricted Shares and Shares underlying the RSUs.

(11) Vesting of RSUs

The Board and/or the Administrator can determine the type of Award, vesting criteria, conditions, the time schedule, the consideration payable and method of payment (where applicable) when the Awards will vest and such terms and conditions shall be stated in the Grant Letter.

Within a reasonable time of the vesting date, the Board and/or the Administrator will send a vesting notice ("**Vesting Notice**") to each of the Participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the number of Shares or Restricted Shares underlying the Award (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 those Shares) involved the documents required to effect the transfer of the Shares to the Participant (or persons designated by such Participant) (the "**Transfer Documents**") and manner of execution, a return date on which the Board and/or the Administrator must receive the duly executed Transfer Documents, and consideration payable and payment arrangement (where applicable).

Upon receipt of the Transfer Documents and consideration payable as aforesaid, the Board and/or the Administrator, at their absolute discretion, may decide to direct and procure the Trustee to, within a reasonable time, transfer the vested Shares (and where 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 those Shares) to the Participant (or persons designated by such Participant).

The vesting and transfer of Shares pursuant to the Awards are only in respect of a board lot of 500 Shares or an integral number thereof (except in the circumstances where the number of Shares or Restricted Shares underlying the Award which remains unvested are less than one board lot).

(12) Consideration

The consideration payable for the Awards granted under the Employee Incentive Scheme shall be determined by the Administrator and/or Board.

Each Participant may elect to pay the consideration by (i) being transferred sufficient funds to cover the consideration; or (ii) instructing the Trustee to sell the some or all of the vested Shares, provided the proceeds from the sale of shares shall be sufficient to cover the consideration.

Each Participant shall be required to make payment in full for the Award granted under the Employee Incentive Scheme at the date of vesting or some other date as determined by the Board and/or the Administrator in their absolute discretion, failing which the transfer of the Shares shall be deferred until such time as and when consideration is paid in full.

All taxes, stamp duty, levies and charges applicable to the transfer of Shares to the Participant (or persons designated by such Participant) upon vesting of the Awards shall be borne by the Participants.

(13) Appointment of the Trustee

The Company has appointed Sovereign Fiduciaries (Hong Kong) Limited as the Trustee to assist with the administration and vesting of Awards granted pursuant to the Employee Incentive Scheme. The Company may (i) allot and issue Shares to the Trustee to be held by the Trustee and which will be used to satisfy the Awards upon vesting and/or (ii) direct and procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Awards upon vesting. All the Restricted Shares or Shares underlying the RSUs granted and to be granted under the Employee Incentive Scheme shall be transferred, allotted and issued to the Trustee, which, as of the date of this prospectus, holds 2,361,359 Shares for the benefit of the Participants pursuant to the Employee Incentive Scheme.

(14) Forfeiture provisions

The Awards granted to a Participant but which have not yet vested, will lapse immediately where the Participant's employment or service terminates for any reason except where:

(a) the employment or service is terminated by death, retirement or disability;

(b) the employment or service is terminated involuntarily without cause;

(c) any other incident occurs as the Board may in its absolute discretion specify.

Further, subject to paragraph (10) above, any unvested Awards will automatically lapse immediately where the Participant makes any attempt or takes any steps or action in an attempt to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other third party or any other person over or in relation to any Awards or any interests or benefits pursuant to the Awards.

In any of the following circumstances, any unvested portions of the Awards granted to the Participant will automatically lapse immediately, while the vested portions of the Awards granted to the Participant (including the portion of the RSUs that have been settled in Shares, if any) with consideration fully settled may be retained by the relevant Participant (or persons designated by such Participant) or repurchased by the Trustee, with the Board or the Administrator to determine whether to repurchase and the price of repurchase according to the specific circumstances:

(a) Participant's employment or service with the Company terminates in one or more of the following circumstances:

  (i) the employment or service with the Company is voluntarily terminated by the Participant;

  (ii) the employment or service is terminated solely due to the incompetence of the Participant;

  (iii) the company employing the Participant ceases to be one of the subsidiaries of the Company and such Participant does not enter into employment contract with other members of the Group;

  (iv) serious disease, disability or death of the Participant; or

  (v) any other incident occurs as the Board or the Administrator may at its discretion specify.

(b) The granted Award shall lapse where the Participant's employment with the Company is terminated under the circumstances listed in paragraph (a) above and shall be dealt with as follow:

  (i) where employment is terminated within two years before the first vesting date as provided for in the Grant Latter, the Company may at its sole and absolute discretion redeem the fully settled consideration (where applicable) at 5% p.a. for the Awards; or

(ii) where employment is terminated between the first and third vesting dates (as the case may be) as provided for in the Grant Letter, the Participant shall only be entitled to the vested portion of the Award provided that the consideration is paid in full. The unvested portion shall lapse and be forfeited, and the Company may at its sole and absolute discretion redeem the paid consideration (where applicable) at 5% p.a. for the Awards.

At the absolute discretion of the Board, the Board may cancel any Award that has not vested or has lapsed as contemplated by the rules of the Employee Incentive Scheme or has vested but with the consideration unsettled, provided that:

(a) the Group pays to the Participant an amount equal to the difference between the fair value of the Shares at the vesting date and the date of the cancellation as determined by the Board, after consultation with the auditors or an independent financial adviser appointed by the Board;

(b) the Group provides to the Participant a replacement award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the Awards to be cancelled; or

(c) the Board makes an arrangement as the Participant may agree in order to compensate him for the cancellation of the Awards.

(15) Termination of the RSU Scheme

The Board may terminate the Employee Incentive Scheme at any time before the expiry of the Employee Incentive Scheme Period by deed. The provisions of the Employee Incentive Scheme shall remain in full force and effect in respect of the Awards which are granted pursuant to the rules of the Employee Incentive Scheme prior to the termination of the operation of the Employee Incentive Scheme. Upon termination, the Board shall give notice to the Trustee and the Participants of the such termination which notice shall provide the Trustee with directions as to how the Board wishes the Trustee should deal with any property held by the Trustee for the Participants (including but not limited to the Shares) and the how the outstanding Awards ought to be dealt with.

(16) 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 the RSUs or Restricted Shares that have been granted or will be granted pursuant to the Employee Incentive Scheme.

(17) Details of Awards granted

Out of 2,361,359 Shares held by the Trustee under the Employee Incentive Scheme, RSUs in respect of 1,087,570 underlying Shares and 755,840 Restricted Shares were granted to Participants on 31 March 2020. Each RSU or Restricted Share presents one underlying Share upon vesting.

As at the Latest Practicable Date, RSUs in respect of 10,875,700 underlying Shares and 7,558,400 Restricted Shares (after taking into consideration of the adjustment pursuant to the Capitalisation Issue), representing approximately 2.94% and 2.05%, respectively, of the total issued share capital of the Company after the completion of the Capitalisation Issue and immediately following the Global Offering (without taking into account any Shares which may

be issued upon the exercise of the Over-allotment Option and additional RSUs or Restricted Shares which may be further granted under the Employee Incentive Scheme), had been granted to 54 Participants pursuant to the Employee Incentive Scheme. None of the grantees under the Employee Incentive Scheme is a Director or otherwise a core connected person of the Company. Among the grantees under the Employee Incentive Scheme, four are members of the senior management of our Group, details of which are set out in the table below.

Name of members of senior management	Number of Shares represented by RSUs[(a)]	Number of Restricted Shares[(a)]	Date of Grant	Approximate % of issued shares immediately after completion of the Global Offering[(b)]
Ms. Lu Yan, Dr. Xunwei Dong, Dr. Guohao Zhou and Mr. Mingming Yan	946,200	4,600,000	31 March 2020	1.50%

Notes:

(a) These figures reflect the post adjusted amount of Shares upon completion of the Capitalisation Issue.

(b) Assuming the Over-allotment Option is not exercised.

For the Awards granted on 31 March 2020 to 54 Participants pursuant to the Employee Incentive Scheme, they shall (unless the Board shall otherwise determine and so notify the Participant in writing) vest as follows:

(a) as to approximately 50% of the Awards on 31 March 2022;

(b) as to approximately 25% of the Awards on 31 March 2023; and

(c) as to approximately 25% of the Awards on 31 March 2024.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group in Hong Kong, the Cayman Islands and the PRC.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering and upon the exercise of the Over-allotment Option.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of US$700,000 for acting as the sponsor for the Listing.

4. Taxation of Holder of our Shares

(1) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be 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, of the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 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 11 February 2006.

(2) Cayman Islands

Under present Cayman Islands Law, there is no stamp duty payable in the Cayman Islands on transfers of shares other than in respect of companies holding any interest in land in the Cayman Islands.

(3) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes as described in "Risk Factors – Other Risks relating to Our Operations – We may be treated as a PRC tax resident enterprise under the EIT Law, which may subject us to PRC income taxes on our worldwide income." In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. Please refer to "Risk Factors – Risks relating to the PRC – Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our Shareholders." for further details.

(4) Consultation with professional advisors

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasised that none of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in Shares.

5. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since 31 December 2019 (being the date on which the latest audited combined financial statements of the Group were made up).

6. Registration Procedures

The register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a Hong Kong Branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share register in Hong Kong and may not be lodged in the Cayman Islands.

7. Preliminary Expenses

The total preliminary expenses relating to the incorporation of our Company are approximately US$3,200 and are payable by our Company.

8. Promoter

Our Company has no promoter. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus.

9. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualification
Huatai Financial Holdings (Hong Kong) Limited	Licensed under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
Conyers Dill & Pearman	Legal adviser to our Company as to Cayman Islands law
AllBright Law Offices	Legal adviser to our Company as to PRC law
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50) and Registered PIE Auditor under Financial Reporting Council Ordinance (Cap. 588)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Vigers Appraisal & Consulting Limited	Property valuer

Each of the experts above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

Save as disclosed in this prospectus:

(a) Within the two years preceding the date of this prospectus:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) our Company has no outstanding convertible debt securities or debentures;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Company has no founder shares, management shares or deferred shares in the capital of our Company.

(c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(d) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(e) Our Company has no outstanding convertible debt securities or debentures.

(f) None of the experts set out in "Appendix V – Statutory and General Information – E. Other Information – 9. Qualifications and Consents of Experts":

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Underwriting Agreements.

(g) No company within our Group is presently listed on or dealt in any other stock exchange and no such listing or permission to list is being or is proposal to be sought.

(h) The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.

(i) 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.

(j) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 9. Qualifications and Consents of Experts" in Appendix V to this prospectus; and

(c) copies of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Ashurst Hong Kong at 11/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of the Company;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set forth in Appendix I to this prospectus;

(c) the report from PricewaterhouseCoopers in relation to the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;

(d) the audited consolidated financial statements of the Group for the years ended 31 December 2018 and 2019;

(e) the letter from Conyers Dill & Pearman, the Company's Cayman Islands legal adviser, in relation to the summary of certain aspects of the Cayman Islands Company Law referred to in "Appendix IV – Summary of the Constitution of Our Company and Cayman Islands Company Law";

(f) the Cayman Companies Law;

(g) the PRC legal opinion issued by AllBright Law Offices, the Company's legal adviser on PRC law, in respect of certain general corporate matters and property interest of our Group;

(h) the industry report prepared by Frost & Sullivan;

(i) the letter and valuation report relating to the property interests of our Group prepared by Vigers, the texts of which are set out in Appendix III to this prospectus;

(j) the service contracts and letters of appointment referred to in "Appendix V – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Particulars of Service Contracts and Letters of Appointment";

(k) the material contracts referred to in "Appendix V – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts";

(l) the written consents referred to in "Appendix V – Statutory and General Information – E. Other Information – 9. Qualifications and Consents of Experts", and

(m) the rules of the Employee Incentive Scheme.

開拓藥業有限公司*

KINTOR PHARMACEUTICAL LIMITED