SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified by its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

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

OVERVIEW

Our mission is to become a leading global pharmaceutical company targeting high-mortality diseases through innovation, with coverage in pharmaceutical, biotech and CDMO sectors.

We are a leading China-based pharmaceutical company with global pharmaceutical, innovative biotech and CDMO businesses. We ranked the first by both export value and export volume of injectable finished doses in 2018 among China-based pharmaceutical companies, with major sales into the EU market. A Shares of our Company have been listed on the Shenzhen Stock Exchange (stock code: 002399) since May 2010.

Founded by a group of seasoned polysaccharide-chemists with scientific insights and profound understanding of immunology, we have built up a portfolio of both leading drugs in the anticoagulant and antithrombotic therapeutic areas and innovative drug candidates focusing on diseases with an immune system disorder axis, including oncology, autoimmune, metabolic and other areas. These diseases are among the largest unmet medical needs globally and represent the leading causes of morbidity and mortality.

Our leading drugs, Inhixa, Neoparin and Prolongin are three different brands of enoxaparin sodium injection which in total have been approved in 35 countries and sold in 19 countries. We have also supplied enoxaparin sodium injection to our customers in 14 other countries. We are the only China-based pharmaceutical company with cumulative sales of enoxaparin sodium injections in the EU exceeding 100 million doses. Enoxaparin is the "gold standard" anticoagulant and antithrombotic drug for various indications, such as venous thromboembolism (VTE) and pulmonary embolism (PE), with huge market demands and significant growth potential. We self developed our enoxaparin sodium injection based on the originator drug. Inhixa and Neoparin have been approved as biosimilar drugs in the EU, and Prolongin is regarded as a generic drug in China. According to Frost & Sullivan, the global usage of enoxaparin reached 781.9 million syringes/vials in 2019, and is expected to reach 1,068.4 million syringes/vials in 2025. Its usage in China was 52.0 million syringes/vials in 2019, which is expected to increase at a CAGR of 23.6% to 185.5 million syringes/vials in 2025.

We are the largest China-based and third largest global manufacturer and marketer of enoxaparin sodium injection, with a global market share of 6.5%, based on 2019 worldwide sales according to Frost & Sullivan. In China we are the second largest supplier in the enoxaparin injection market with a market share of 10.9% in 2019, second only to the originator firm, according to Frost & Sullivan. We implement localized and differentiated marketing strategies in the three major enoxaparin markets, the EU, China and the U.S. Our marketing strategies incorporate a combination of direct

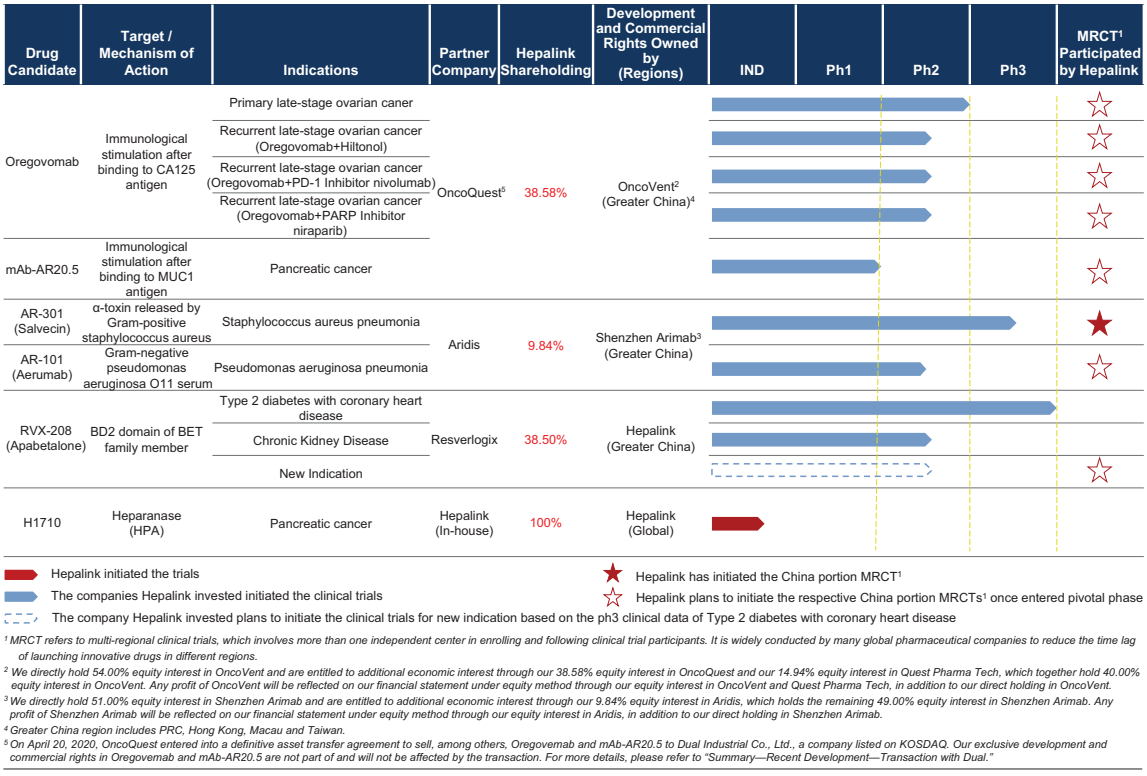
sales, distributor network and supply agreement partnerships. Our effective marketing efforts have resulted in rapid growth of our enoxaparin injection sales. In the EU, sales volume of our enoxaparin sodium injection grew by 164% to 47.8 million syringes/vials in 2018 from 18.1 million syringes/vials in 2017, and grew by 77.0% to 84.6 million syringes/vials in 2019. In China, sales volume of our enoxaparin sodium injection grew by 81% to 5.8 million syringes in 2018 from 3.2 million syringes in 2017, and grew by 15.5% to 6.7 million syringes in 2019. We expect our Prolongin to be the first enoxaparin approved based on Quality Consistency Evaluation (QCE) in China, further solidifying our competitive advantage to capture the fast growth of enoxaparin in the China market.

We are the largest provider of heparin API with a global market share of 40.7%, larger than the second and third market players combined, based on 2018 global revenue according to Frost & Sullivan. We also have exclusive access to over 50% of the traceable heparin raw materials in China and 60% in the North America in 2018, which ensures sufficient supply of high quality heparin raw materials. With 91.3% of our revenue generated from markets outside PRC in 2019, we are continuously expanding our strong global footprint to additional overseas markets, such as Southeast Asia, Middle East and South America.

We have established a fully integrated business model covering the heparin industry value chain from supply of raw materials, manufacturing of APIs to the sales of enoxaparin finished doses. Based on such unique business model, we have developed our state-of-the-art supply chain management and facilities with proprietary manufacturing technologies, rigorous quality control standards and large-scale manufacture capability. Through our integrated supply chain management, we have access to a significant portion of the traceable crude heparin globally, which ensures safety, reliability and stability for the supply of our heparin raw materials. Our manufacturing processes and facilities comply with the CGMP requirements in the EU, the U.S. and China, and follow rigorous manufacturing and quality control standards. We have accumulated extensive manufacturing expertise and know-how including our proprietary extraction, purification and virus and bacteria inactivation technologies, which we believe will further solidify our long-term competitiveness in the global enoxaparin market. We are one of the few China-based pharmaceutical companies which are able to produce commercialized biological drugs on a large scale. Our facilities enable us to efficiently manufacture biopharmaceutical products in large volumes while consistently ensure high quality. We believe our unique business model together with state-of-the-art supply chain management and facilities serve as the cornerstones of our leading position in the global enoxaparin market.

We have strategically constructed a robust portfolio of both exclusive development and commercial rights in Greater China for first-in-class clinical stage drug candidates and self-developed first-in-class drug candidate. These pipeline drugs are being developed to address the significant unmet medical demands in oncology, cardiovascular, inflammation and autoimmune areas. We place great importance in nurturing our partners and provide strong support to them in various areas including clinical development through our CDMO platform and equity investment. For example, Oregovomab, an immune-oncology antibody candidate being developed for first-line treatment of ovarian cancer in combination with chemotherapy, has shown a significant prolongation of median progression-free survival (median PFS 41.8 months vs. 12.2 months in patients treated by chemotherapy-alone, p=0.0027) in a phase II trial. It also showed a significant improvement in overall survival (OS) (p=0.0043). We own 38.58% equity interest in the developer company of Oregovomab as well as its exclusive development and commercial rights in Greater China.

As of the Latest Practicable Date, we have exclusive development and commercial rights in Greater China for five drug candidates targeting both oncology and non-oncology indications, among which two are in phase III global clinical trials, namely AR-301 and RVX-208, and two are in phase II global trials, namely Oregovomab and AR-101. We are also developing a self-discovered proprietary oncology drug candidate currently at preclinical stage. We believe we are able to leverage our manufacturing, marketing and distribution capabilities of enoxaparin and industry experience to successfully develop and commercialize our innovative drug pipeline. The following chart summarizes the development status of our pipeline drugs as of the Latest Practicable Date:



[1] MRCT refers to multi-regional clinical trials, which involves more than one independent center in enrolling and following clinical trial participants. It is widely conducted by many global pharmaceutical companies to reduce the time lag of launching innovative drugs in different regions.

[2] We directly hold 54.00% equity interest in OncoVent and are entitled to additional economic interest through our 38.58% equity interest in OncoQuest and our 14.94% equity interest in Quest Pharma Tech, which together hold 40.00% equity interest in OncoVent. Any profit of OncoVent will be reflected on our financial statement under equity method through our equity interest in OncoVent and Quest Pharma Tech, in addition to our direct holding in OncoVent.

[3] We directly hold 51.00% equity interest in Shenzhen Arimab and are entitled to additional economic interest through our 9.84% equity interest in Aridis, which holds the remaining 49.00% equity interest in Shenzhen Arimab. Any profit of Shenzhen Arimab will be reflected on our financial statement under equity method through our equity interest in Aridis, in addition to our direct holding in Shenzhen Arimab.

[4] Greater China region includes PRC, Hong Kong, Macau and Taiwan.

[5] On April 20, 2020, OncoQuest entered into a definitive asset transfer agreement to sell, among others, Oregovomab and mAb-AR20.5 to Dual Industrial Co., Ltd., a company listed on KOSDAQ. Our exclusive development and commercial rights in Oregovomab and mAb-AR20.5 are not part of and will not be affected by the transaction. For more details, please refer to "Summary—Recent Development—Transaction with Dual."

We operate a fast-growing CDMO business through two platforms, Cytovance, a CDMO platform enabling the development and manufacture of recombinant pharmaceutical products, and critical non-viral vectors and intermediates, namely the pDNA, for gene therapy, and SPL, a CDMO platform enabling the development and manufacture of pharmaceutical products from natural sources, to capture the growth opportunities in the global biopharmaceutical sector. Our CDMO business ranks among the top three China-owned biologics CDMO operators based on 2018 revenue according to Frost & Sullivan. Our CDMO revenue grew by 69.1% from RMB324.3 million in 2017 to RMB548.5 million in 2018 and grew by 43.4% to RMB786.4 million in 2019. Our customer base ranges from multinational pharmaceutical giants to midsize, small and virtual biotech companies. With continuous investments in capabilities, capacity and innovation, the dual CDMO platform addresses diverse customer needs while leveraging over 45 years of combined experience of Cytovance and SPL in the development and manufacture of large molecule pharmaceutical products for innovative biologically based therapeutics. In addition to supporting a multitude of customer drug pipelines, our own product pipeline is aptly enabled and enhanced by the dual CDMO platform strategy. By addressing the capacity shortage and technological challenge in the CMC process, our CDMO platform empowers our customers to develop drugs from concept to commercial manufacturing stage and ensures CDMO

capacities for the development of our own pipeline drugs. Benefiting from the global growth in the biopharmaceutical sector, our CDMO business has contributed to our rapid growth and diversified our revenue source. As of the Latest Practicable Date, we had 49 on-going projects and a backlog of US$56.3 million, which represents the total amount of contracted fees for services yet to be delivered. The following table shows the status of and the backlog from our on-going projects as of the Latest Practicable Date:

Biologics development stage	Number of on-going projects	Backlog (US$ in million)
Pre-IND		
Drug discovery	2	0.1
Preclinical development	15	13.6
Subtotal	17	13.7
Clinical trial		
Early-phase (phase I & II) clinical development	18	7.1
Late-phase (phase III) clinical development	7	16.0
Subtotal	25	23.1
Commercial manufacturing	7	19.6
Total	**49**	**56.3**

Our revenue increased by 69.7%, from RMB2,828.2 million in 2017 to RMB4,799.8 million in 2018, and decreased by 3.9%, to RMB4,612.1 million in 2019. Our net profit increased by 156.1% from RMB240.9 million in 2017 to RMB617.0 million in 2018, and increased by 69.2% to RMB1,043.9 million in 2019.

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

- strategic focus on attractive therapeutic areas with both commercialized drugs of significant growth and potential first-in-class clinical stage pipeline drugs;
- "gold standard" anticoagulant and antithrombotic drug with outstanding safety profile;
- fully integrated business model to enhance profitability;
- well positioned to be the global leader in the enoxaparin market with effective marketing strategies in the major markets worldwide;
- a robust portfolio of first-in-class clinical stage drug candidates for the China market;
- a fast-growing CDMO business focusing on a vast spectrum of recombinant and naturally derived large molecule and gene therapy products; and
- seasoned polysaccharide-chemists founders and experienced management team with strategic insight and proven ability to lead our success.

OUR STRATEGIES

To achieve our goal to become a global leading pharmaceutical company, we intend to pursue the following strategies:

- continue to expand our market share of enoxaparin to become the leader in the global heparin industry;

- maximize the commercial value of our first-in-class pipeline drugs in China by leveraging our local insight and vast experience in global operation;
- further expand and develop our CDMO business and build a world-leading CDMO platform;
- expand our business and strengthen our core competencies through acquisitions and strategic investments; and
- develop our Pingshan Industrial Park into a world-class manufacture base for pharmaceutical products.

OUR BUSINESS

The following table sets forth a breakdown of our revenue by our products and services during the Track Record Period.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales of goods						
Finished dose pharmaceutical products						
Enoxaparin sodium injection	311,165	11.0	981,938	20.5	1,230,840	26.7
Heparin sodium injection	70,032	2.5	63,705	1.3	—	—
Subtotal	381,197	13.5	1,045,643	21.8	1,230,840	26.7
API						
Enoxaparin sodium API	171,422	6.0	230,002	4.8	371,714	8.1
Heparin sodium API	1,674,707	59.2	2,522,384	52.6	1,902,275	41.2
Subtotal	1,846,129	65.2	2,752,386	57.4	2,273,989	49.3
Others[1]	217,124	7.7	385,403	8.0	287,538	6.2
Subtotal	2,444,450	86.4	4,183,432	87.2	3,792,367	82.2
CDMO service	324,308	11.5	548,469	11.4	786,401	17.1
Others[2]	59,467	2.1	67,906	1.4	33,337	0.7
Total	**2,828,225**	**100.0**	**4,799,807**	**100.0**	**4,612,105**	**100.0**

Notes:
(1) Other products mainly include pancreatin API.
(2) Other business mainly includes manufacture and marketing service, processing service, technical support service and other services.

Revenue from sales of API products decreased from RMB2,752.4 million in 2018 to RMB2,274.0 million in 2019. Such decrease was primarily attributable to the decrease in supply of the crude heparin as a result of the outbreak of the swine fever in late 2018, our control of outbound delivery quantity of API products and the utilization of our manufactured APIs to produce more enoxaparin sodium injections in-house. We expect our revenue from sales of API products in 2020 will be higher than that in 2019, which is primarily attributable to (i) the anticipated price increase of our API products as we expect to transfer the increased costs of heparin raw materials to our customers after we renegotiate the price of our API products with customers, and (ii) the expected increase in the sales volume of enoxaparin sodium API as a result of the sale to customers who will agree to the increased price of our enoxaparin sodium API.

OUR PHARMACEUTICAL PRODUCTS

We manufacture and sell anticoagulant and antithrombotic finished dose pharmaceutical products, including enoxaparin sodium injection and heparin sodium injection and their relevant APIs. The following table sets forth selective information relating to our products as of the Latest Practicable Date:

PRODUCT TYPE	PRODUCTS	APPROVAL FOR SALES IN CHINA	APPROVAL FOR SALES IN THE EU	APPROVAL FOR SALES IN THE U.S.	APPROVAL FOR SALES IN OTHER MAJOR COUNTRIES*	APPLICATION OF APPROVAL FOR SALES IN OTHER MAJOR COUNTRIES*
FINISHED DOSE PHARMACEUTICAL PRODUCTS	Enoxaparin sodium injection	Prolongin—approved by the NMPA for five strengths in 2005	Inhixa—approved by the EMA in 2016 for five strengths and in 2018 for multi-dose vials and high strengths Neoparin—approved in Poland in 2016 for five strengths and in 2018 for multi-dose vials and high strengths	Filed an ANDA under the FDA's review for enoxaparin sodium injection for seven strengths	Colombia, Chile, Paraguay, Madagascar, Jordan, Sri Lanka, Switzerland, Peru, Philippines, United Arab Emirates	Brazil, Canada, Saudi Arabia, Singapore, Malaysia, Israel, El Salvador, Costa Rica, Panama, Vietnam
	Heparin sodium injection	—	—	Four ANDAs approved for nine respective strengths by FDA	—	—
API PRODUCTS	Heparin sodium API	Approved by the NMPA in 2002	Approved by the EDQM in 2008 and renewed in 2013	Authorized supplier of heparin sodium API for the manufacture of several heparin products	Authorized supplier in Turkey, India, Italy, Brazil, South Korea, Mexico, Canada	Authorized supplier in Russia
	Enoxaparin sodium API	Approved by the NMPA in 2005	—	Filed DMF and under the FDA's review as the manufacturer referenced in a customer's ANDA for enoxaparin sodium injection Filed DMF and under the FDA's review of our ANDA for enoxaparin sodium injection for seven strengths	Authorized supplier in Algeria, Turkey, Brazil, Morocco, Uruguay, South Korea, Bangladesh, Paraguay, Colombia, India, Peru	Authorized supplier in Vietnam, Russia, Saudi Arabia, Mexico, Thailand, Malaysia, Jordan

* Marketing approvals of our products in these countries are or will be held by third parties, except for Canada and United Arab Emirates.

OUR INNOVATIVE DRUG BUSINESS

We have obtained exclusive development and commercial rights in Greater China for five pipeline drugs, among which two are currently in phase III clinical trials and two are in phase II

clinical trials. We are also developing a self-discovered proprietary oncology drug candidate currently at preclinical stage. The following are our late clinical stage drug candidates:

- Oregovomab: Oregovomab, an anti-idiotype murine monoclonal antibody, is an immune-oncology drug candidate being developed by OncoQuest, in which we hold approximately a 38.58% equity interest. It has completed a phase II clinical trial as a first-line treatment combined with chemotherapy in patients with advanced primary ovarian cancer. Phase II clinical trial have proven the safety and efficiency of Oregovomab in such combined treatment regime for advanced primary ovarian cancer patients. The combination of Oregovomab and chemotherapy leverages the effects of chemotherapy without additional toxicity. Phase II clinical results have shown a significant prolongation of median PFS, with a median PFS of 41.8 months, compared with 12.2 months in patients treated by chemotherapy alone (p=0.0027). It also showed a significant improvement in OS (p=0.0043). OncoQuest is currently in discussion with the FDA regarding pivotal phase III trial plan. We plan to participate in the phase III MRCT of Oregovomab for such combined treatment. Oregovomab has Orphan Drug Designation from the FDA and EMA. Oregovomab is also being evaluated in a phase II clinical trial in combination with an investigational stage immune booster (poly ICLC / Hiltonol) for patients with advanced recurrent ovarian cancer, a phase Ib/IIa clinical trial in combination with PD-1 inhibitor (nivolumab) as a novel combination immunotherapy treatment for patients with recurrent ovarian cancer, and a phase II clinical trial as a combined treatment with a PARP inhibitor (niraparib) for patients with recurrent ovarian cancer.
- AR-301 (Salvecin): AR-301 is a fully human monoclonal IgG1 antibody (mAb) that specifically targets *S. aureus* alpha-toxin. It is being developed by Aridis (NASDAQ: ARDS) in which we hold approximately 9.84% equity interest. It is currently being evaluated in a global phase III clinical study as an adjunctive therapy to standard of care antibiotics in patients diagnosed with ventilator associated pneumonia (VAP) caused by *S. aureus*. Results of a Phase I/II trial have shown that patients treated with AR-301 consistently demonstrated less time spent under mechanical ventilation and higher rates of *S. aureus* eradication as compared to those treated with antibiotics alone. AR-301 was granted Fast Track Designation by the FDA and Orphan Drug Designation by the EMA. We have received the NMPA approval for a phase III clinical trial in China as part of the global MRCT of AR-301, and we plan to initiate patient enrollment by the end of 2020.
- RVX-208 (Apabetalone): RVX-208 is an inhibitor of BET transcriptional regulators with selectivity for the second bromodomain. RVX-208 has completed phase III clinical trial (BETonMACE) in combination with standard of care to reduce major adverse cardiovascular events among high-risk cardiovascular disease patients with type 2 diabetes mellitus, recent acute coronary syndrome, and low levels of high-density lipoprotein (HDL). It is being developed by Resverlogix (TSE: RVX) in which we held a 38.50% equity interest as of the Latest Practicable Date.

Our capital investment in innovative drugs is primarily comprised of investment in our partner companies that engage in the development of innovative drugs, and investment in funds for their investment in biotechnology companies with innovative drugs or pipelines. The table below sets forth a breakdown of our capital investment in innovative drugs for the years indicated:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Resverlogix	459,441	—	100,848
Shanghai Taiyi Venture Capital Partnership (limited partnership)	40,163	38,676	—
Total	**499,604**	**38,676**	**100,848**

As of the Latest Practicable Date, we had capital commitment in innovative drugs of US$22.8 million in total which is payable in the next 2 to 6 years. We will continue our capital investment in the development of innovative drugs, with cash generated from our operations and our financing activities.

Our CDMO Services

We operate our CDMO business through two platforms, Cytovance and SPL. The two platforms give our customers access to a truly unique assemblage of CMC services for supporting the vast spectrum recombinant and naturally derived large molecule pharmaceutical products and critical non-viral vectors and intermediates for gene therapy. Both platforms offer services across the drug development lifecycle from late discovery lead selection to clinical CGMP-compliant manufacture and commercial supply, including R&D services, manufacturing services, quality assurance, and program management. In addition to dealing with fee-for-service and commercial supply contracts, our CDMO platform also enables us to rapidly develop our own diverse innovative drug pipeline. Our CDMO business is led by Dr. Yan Wang, who has over 20 years of experience in the pharmaceutical industry.

Cytovance specializes in the development and manufacture of large molecule pharmaceutical products, with a 12-year track record of working with over 130 different recombinant products, such as monoclonal antibodies, antibody fragments, bispecific antibodies, cytokines, fusion proteins, vaccines and other recombinant proteins. Cytovance has expertise in both mammalian cell culture and microbial fermentation and possesses integrated single-use technologies for production and purification. In addition, Cytovance supports the rapidly growing gene therapy sector by supplying customers with high quality pDNA.

SPL provides services in the development and manufacturing of large molecule pharmaceutical products derived from natural sources such as pancreatic enzymes, heparin and heparin derivatives. SPL has extensive track record of working on naturally derived pharmaceutical products and has developed core competencies such as developing complex and scalable processes for the extraction, isolation and purification of naturally derived materials.

Our CDMO business has a global and diversified customer base, consisting of leading global pharmaceutical companies as well as small- to mid-sized biotechnology companies and start-ups. We enjoy a high level of customer loyalty and industry referrals. We provided services to 50, 54 and 52 customers in the years ended December 31, 2017, 2018 and 2019, respectively, including 5 out of the 10 largest pharmaceutical companies globally. During the Track Record Period, our CDMO services enabled approximately 20 regulatory filing milestones, including INDs, NDAs, BLAs or amendments.

As a further testament to value created by the CDMO platform, several of our customers were acquired by large pharmaceutical companies such as Synageva BioPharma Corp. which was purchased by Alexion Pharmaceuticals, Inc. in 2015, Five Prime Therapeutics, Inc. which was purchased by Bristol-Myers Squibb Company in 2015, Selexys Pharmaceuticals Corporation which was purchased by Novartis International AG in 2016, ARMO Biosciences, Inc. which was purchased by Eli Lilly and Company in 2018 and Synthorx Inc which was purchased by Sanofi in 2019.

SALES AND MARKETING

We implement differentiated and localized sales and marketing strategies which are suitable for our various pharmaceutical products in different markets. We use a combination of academic marketing by our in-house sales and marketing team and collaboration with a network of independent distributors and third-party promotors to generate market demands for our products. We directly market our CDMO services to pharmaceutical and biotechnology companies by actively participating in trade conferences, trade shows and scientific conferences.

We have an experienced and specialized in-house sales and marketing team with international exposure. Our overseas sales and marketing team is led by Wen Shi, vice president of our business development, who has vast experience in the pharmaceutical industry, and our sales and marketing team in China is led by Guanhua Cao, who has approximately 15 years of practice in the field. Our sales and marketing efforts are characterized by a strong emphasis on academic promotion, in order to promote and strengthen the awareness and recognition of our products and our brand among medical professionals. Besides our in-house academic marketing, we also rely on third-party promotors and distributors to market our products, especially enoxaparin sodium injection, by leveraging their local connection and marketing network. Each of our distributors and third-party promotors has its own sales force that focuses on marketing in its designated territory, which expands our marketing coverage and deepens our marketing penetration while allowing us to maintain operational flexibility and optimize our resource allocation. For more information, please see “Business—Sales and Marketing.”

CUSTOMERS

In 2017, 2018 and 2019, the aggregate sales to our five largest customers were RMB1,707.8 million, RMB2,873.8 million and RMB2,218.3 million, representing 60.4%, 59.9%, and 48.1% of our revenue for the same years, respectively. Sales to our largest customer for the same years were RMB1,126.9 million, RMB1,804.7 million and RMB1,036.6 million, representing 39.8%, 37.6% and 22.5% of our revenue for the same years, respectively. For more information, please see “Business—Customers.”

SUPPLIERS

In 2017, 2018 and 2019, purchases from our five largest suppliers in aggregate accounted for 32.8%, 22.5% and 22.3% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 9.6%, 9.3% and 6.8% of our total purchases for the same years (including value added tax), respectively. During the Track Record Period, our purchases mainly include raw materials, machines and equipment and services from third parties such as syringes, crude heparin and porcine small intestines. For more information, please see “Business—Raw Materials and Suppliers.”

LEGAL PROCEEDINGS AND COMPLIANCE

On December 19, 2019, the Shenzhen Securities Regulatory Bureau (the "**Shenzhen Bureau**") of the China Securities Regulatory Commission (the "**CSRC**") issued a letter of caution (the "**Caution Letter**") to the Company, which identified three issues of concern being (i) irregular accounting treatment of our equity investment in Resverlogix; (ii) internal approval process discrepancies with respect to certain related party transactions and other related pricing policy disclosure discrepancies; and (iii) inadequate registration of insiders (the "**Concerned Matters**"), and later conducted interviews (the "**Regulatory Interviews**") with three of our Directors. We have not been required to adopt any rectification measures, nor have we or the interviewed Directors been imposed any penalties by the Shenzhen Bureau of the CSRC. Our PRC legal adviser is of the view that Shenzhen Bureau of the CSRC has concluded the Concerned Matters relating to the Caution Letter and the Regulatory Interviews. Furthermore, our PRC legal adviser is of the view that the Caution Letter and the Regulatory Interviews are administrative regulatory measures that do not constitute administrative penalties, and the risk that the Concerned Matters, the Caution Letter and the Regulatory Interviews would result in any penalties imposed by any other regulatory authorities on the Relevant Parties is low. As such, they do not constitute material non-compliance incidents under the PRC law nor do they represent disciplinary sanctions (紀律處分) taken by the Shenzhen Stock Exchange on the Relevant Parties. Based on our PRC legal advisor's conclusion, our Directors are of the view that the Caution Letter and Regulatory Interviews do not constitute non-compliance issues that have materially affected or will materially affect our financial, operational or trading positions or prospects. For details, see "Business—Legal Proceedings and Compliance."

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to establishing and maintaining a robust internal control system. We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to our strategic plan, research and development, infrastructure, procurement, manufacturing, marketing and distribution. Our risk management system also covers general finance management, human resources, information technology, projects, logistics, subsidiaries and policy matters. The Audit Committee reviews and supervises our risk management and internal control system.

During the Track Record Period, we had sales and/or deliveries of our products to customers which were located in the Balkans, Belarus, Egypt, Iran, Tunisia and Ukraine (the "**Relevant Countries**") which are subject to or otherwise implicates certain sanctions administered by government agencies or organizations in the U.S., EU or Australia, or by the United Nations ("**International Sanctions**"). For the years ended December 31, 2017, 2018 and 2019, revenue generated from sales and/or deliveries to the Relevant Countries accounted for approximately 1.74%, 1.49% and 1.74% of our total revenue, respectively. We have not been notified that any fine or penalty will be imposed on us for our sales and/or deliveries to the countries subject to International Sanctions during the Track Record Period. See "Risk Factors—A small amount of our revenue was derived from the Relevant Countries that are subject to sanctions imposed by the United States, the European Union, Australia and other government authorities during the Track Record Period".

We have discontinued our sales and/or deliveries to the Relevant Countries commencing from December 2019 and we are not subject to any claims for compensation as a result of the discontinuation of such sales and/or deliveries. Further, we will not knowingly and intentionally

conduct any future business with persons, entities or organizations designated on the SDN Lists, or any business in any comprehensively sanctioned countries and we will not use the proceeds from the Global Offering to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the countries subject to International Sanctions or SDNs. In addition, we have given certain undertakings to the Stock Exchange regarding International Sanctions. For details, see "Business—Risk Management and Internal Control."

We have adopted enhanced internal control and risk management measures to enable us to continuously monitor and evaluate our business and to take measures to protect the interest of our Group and our Shareholders from economic sanctions risks. See "Business—Risk Management and Internal Control."

PROPERTIES AND FACILITIES

As of the Latest Practicable Date, we owned seven properties in China, primarily in Shenzhen, Linyi and Chengdu, and three properties overseas, primarily in the U.S. We owned in total gross floor area of approximately 177,667 sq.m. for production facilities, including 4,458 sq.m. in Hepalink Nanshan facility, 6,848 sq.m. in Techdow Nanshan facility, 129,994 sq.m. in Pingshan Industrial Park facility and 8,852 sq.m. in SPL. We also owned gross floor area of 4,207 sq.m. for R&D activities, 45,177 sq.m. for housing, 11,468 sq.m. for storage and 23,525 sq.m. for office space and other general administrative use. As of the Latest Practicable Date, we leased 21 properties from third parties, primarily in Shenzhen, China and Oklahoma, U.S. We leased gross floor area of 24,131 sq.m., including 3,972 sq.m. for production facilities, 1,335 sq.m. for R&D activities, 13,446 sq.m for storage and other general use and 5,378 sq.m. for office space and other general administrative use.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as of and for the years ended December 31, 2017, 2018 and 2019, extracted from the Accountants' Report set out in Appendix I to this prospectus.

We acquired Topknow in May 2018. As the acquisition of Topknow constitutes a business combination under common control, the consolidated financial statements of the Company were prepared as if Topknow had been combined throughout the Track Record Period. For the details of our acquisitions and disposals, please refer to "History, Development and Corporate Structure—Major Acquisitions and Disposals" to this prospectus.

Summary of Consolidated Statement of Profit or Loss

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years indicated derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this prospectus:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Revenue	**2,828,225**	**100.0**	**4,799,807**	**100.0**	**4,612,105**	**100.0**
Cost of sales	(1,976,442)	(69.9)	(2,926,275)	(61.0)	(2,939,916)	(63.7)
Gross profit	851,783	30.1	1,873,532	39.0	1,672,189	36.3
Other income and gains	209,701	7.4	308,150	6.4	833,775	18.1
Selling and distribution expenses	(192,201)	(6.8)	(371,710)	(7.7)	(411,318)	(8.9)
Administrative expenses	(435,629)	(15.4)	(497,735)	(10.4)	(521,039)	(11.3)
Impairment losses on financial assets	(10,884)	(0.4)	(12,454)	(0.3)	(737)	—
Other expenses	(2,707)	(0.1)	(366)	—	(569)	—
Finance costs	(183,268)	(6.5)	(229,207)	(4.8)	(275,198)	(6.0)
Share of profits and losses of associates	(79,710)	(2.8)	(305,003)	(6.4)	18,177	0.4
Profit before tax	**157,085**	**5.6**	**765,207**	**15.9**	**1,315,280**	**28.5**
Income tax credit/(expense)	83,807	3.0	(148,244)	(3.1)	(271,382)	(5.9)
Profit for the year	**240,892**	**8.5**	**616,963**	**12.9**	**1,043,898**	**22.6**
Attributable to:						
Owners of the parent	238,904	8.4	640,194	13.3	1,059,700	23.0
Non-controlling interests	1,988	0.1	(23,231)	(0.5)	(15,802)	(0.3)
Earnings per share attributable to ordinary equity holders of the parent						
Basic						
—for profit for the year	RMB0.19		RMB0.51		RMB0.85	
Diluted						
—for profit for the year	RMB0.19		RMB0.51		RMB0.85	

Our net profit increased by 156.1%, from RMB240.9 million in 2017 to RMB617.0 million in 2018, and further increased by 69.2% to RMB1,043.9 million in 2019, which was primarily attributable to the fluctuations in our gross profit, our other income and gains, and our share of profits and losses of associates. Our gross profit increased by 119.9%, from RMB851.8 million in 2017 to RMB1,873.5 million in 2018, primarily as a result of the increase in the gross profit of our finished dose pharmaceutical products, which was primarily attributable to the increase in the price of our enoxaparin sodium injection and economies of scale brought by the increased production volume driven by the increasing demand from our EU market and the increase in the gross profit of our API products, mainly due to the increase in the price of heparin sodium API and economies of scale as a result of increase in the sales volume of heparin sodium API to our major customers. Our gross profit decreased by 10.7% from RMB1,873.5 million in 2018 to RMB1,672.2 million in 2019, which was mainly attributable to the decrease in the gross profit of our API products, as a result of the substantial increase in the cost of raw materials and the time lag between increase of porcine small intestine and crude heparin costs and increase of heparin sodium API price, that led to our control of

outbound delivery quantity of API products partially offset by the increase in the gross profit of the CDMO services primarily due to the increase in Cytovance's production capacity from 14,800L in 2018 to 22,000L in 2019 for the mammalian cell culture production line, and from 18,670L in 2018 to 39,270L in 2019 for the microbial fermentation production line, and the completion of Cytovance's post acquisition integration, both of which lead to an improvement in Cytovance's order fulfillment ability, and the increasing orders on commercial production from certain SPL's customers, in aggregate from 8 lots in 2018 to 23 lots in 2019.

Our other income and gains increased by 47.0%, from RMB209.7 million in 2017 to RMB308.2 million in 2018. Such increase was primarily attributable to an increase in the dividend income from financial assets at fair value through profit or loss of RMB36.0 million as a result of dividend distribution from a convertible loan in 2018, the change from foreign exchange loss of RMB49.6 million to foreign exchange gain of RMB70.5 million as a result of the depreciation of Renminbi against US dollar, a gain on disposal of a subsidiary (namely Hepatunn) of RMB28.8 million in 2018, and a change from fair value losses on derivative instrument of RMB3.7 million to fair value gains on derivative instrument of RMB30.5 million, primarily due to the increase in the fair value of warranties issued by Resverlogix in 2018, partially offset by a decrease in bank interest income of RMB68.3 million from 2017 to 2018 as a result of the decrease in our time deposits and cash and cash equivalents due to our financing needs related to our acquisition of Topknow and a decrease in fair value gains on financial assets at fair value through profit or loss from RMB46.8 million in 2017 to RMB8.2 million in 2018, which was primarily attributable to the decrease in fair value gains on Shenzhen Top Dental Medical Co., Ltd, the fair value of which increased significantly in 2017 in the course of its listing preparation. Our other income and gains increased by 170.5%, from RMB308.2 million in 2018 to RMB833.8 million in 2019. Such increase was primarily attributable to an increase in gain on deemed disposal of a subsidiary of RMB573.9 million as a result of deconsolidation of HighTide in March 2019 and an increase in fair value gains on financial assets at fair value through profit or loss of RMB191.5 million, primarily from our investment in TPG Biotechnology Partners V, L.P. ("**TPG V**"), as a result of the successful listing of one of TPG V's investees that significant boosted its fair value, partially offset by a change from fair value gains on derivative instrument of RMB30.5 million in 2018 to a fair value loss on derivative instrument of RMB83.2 million related to common share purchase warrants we purchased from Resverlogix in 2019.

Our share of losses of associates increased from RMB79.7 million in 2017 to RMB305.0 million in 2018, which was primarily attributable to an increase in our equity investment in Resverlogix which is loss-making from 12.74% to 42.86% in December 2017, partially offset by share of profits of Shanghai Taiyi VC from its fair value gain in 2018 as a result of the increase in the fair value of Shanghai Taiyi VC's portfolio investments. Our share of profits and losses of associates changed from losses of RMB305.0 million in 2018 to profits of RMB18.2 million in 2019, which was mainly due to share of profits of Resverlogix from its significant fair value gain in 2019 primarily as a result of the decrease in fair value of warrants and royalty preferred shares issued by Resverlogix which were presented as liabilities on Resverlogix's financial statements. The decrease in the fair value of warrants and royalty preferred shares was mainly attributable to the decrease in Resverlogix's stock trading price since second half of 2019.

The following table sets forth a breakdown of our revenue by regions for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Europe	1,636,938	57.9	2,937,707	61.2	2,639,743	57.2
U.S.	403,055	14.3	804,715	16.8	1,019,402	22.1
China	352,443	12.5	442,599	9.2	401,830	8.7
Other countries/regions	435,789	15.3	614,786	12.8	551,130	12.0
Total	**2,828,225**	**100.0**	**4,799,807**	**100.0**	**4,612,105**	**100.0**

The following table sets forth our gross profit and gross profit margin by segments for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sale of goods						
Finished dose pharmaceutical products	166,911	43.8	573,287	54.8	579,475	47.1
API	670,582	36.3	1,112,441	40.4	811,194	35.7
Others	(76,263)	(35.1)	61,152	15.9	10,436	3.6
Subtotal	761,230	31.1	1,746,880	41.8	1,401,105	36.9
CDMO services						
Cytovance	50,446	16.4	92,164	18.5	158,087	25.6
SPL	(6,916)	(39.9)	(17,113)	(33.3)	82,375	48.5
Subtotal	43,530	13.4	75,051	13.7	240,462	30.6
Others	47,023	79.1	51,601	76.0	30,622	91.9
Total	**851,783**	**30.1**	**1,873,532**	**39.0**	**1,672,189**	**36.3**

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total non-current assets	7,995,387	8,236,874	9,351,977
Total current assets	6,213,469	5,607,404	5,999,970
Total assets	**14,208,856**	**13,844,278**	**15,351,947**
Total current liabilities	3,946,852	4,690,579	4,996,561
Total non-current liabilities	2,208,235	2,877,366	2,883,512
Total liabilities	**6,155,087**	**7,567,945**	**7,880,073**
Total assets less current liabilities	**10,262,004**	**9,153,699**	**10,355,386**
Net current assets	**2,266,617**	**916,825**	**1,003,409**
Net assets	**8,053,769**	**6,276,333**	**7,471,874**
Share capital	1,247,202	1,247,202	1,247,202
Reserves	6,584,962	4,852,410	6,101,158
Non-controlling interests	221,605	176,721	123,514
Total equity	**8,053,769**	**6,276,333**	**7,471,874**

Compared to our net assets position as of December 31, 2017, our net assets decreased as of December 31, 2018 and 2019. Such decrease was primarily attributable to our acquisition of Topknow in May 2018 from its shareholders, including Mr. Li and Ms. Li who ultimately controlled Topknow. The purchase consideration for such acquisition is RMB2,400 million in cash, which has been paid in full by installment. As of December 31, 2018 and 2019, we paid RMB1,224 million and RMB1,176 million, respectively. Since our Controlling Shareholders ultimately controlled Topknow, such transaction may be treated as a deemed distribution to our Controlling Shareholders. For more information, please refer to "Consolidated Statement of Changes in Equity" and "Note 46. Related Party Transactions" in "Appendix I—Accountants' Report."

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities before movements in working capital	495,408	1,041,803	982,737
Change in working capital	(872,010)	(353,088)	(1,101,502)
Bank interest income	34,810	91,952	94,520
Income tax paid	(51,682)	(107,879)	(169,143)
Net cash flows (used in)/from operating activities	(393,474)	672,788	(193,388)
Net cash flows (used in)/from investing activities	(257,197)	1,835,888	1,703
Net cash flows (used in)/from financing activities	503,302	(1,732,475)	(268,549)
Net increase/(decrease) in cash and cash equivalents	(147,369)	776,201	(460,234)
Cash and cash equivalents at beginning of year	882,376	730,470	1,526,100
Effect of foreign exchange rate changes, net	(4,537)	19,429	10,671
Cash and cash equivalents at end of year	730,470	1,526,100	1,076,537

We recorded net cash flows used in operating activities in 2017, which was primarily attributable to an increase in the quantity of raw materials purchased in anticipation of an increasing market demand. We recorded net cash flows used in operating activities in 2019, which was mainly due to an increase in the unit procurement price of the raw materials as a result of the outbreak of swine fever in late 2018.

As of December 31, 2018 and 2019, we paid RMB1,224 million and RMB1,176 million in cash, respectively, for the acquisition of Topknow from its shareholders. Such transaction may be treated as a deemed distribution to our Controlling Shareholders who ultimately controlled Topknow. For more information, please refer to "Consolidated Statement of Changes in Equity" and "Note 46. Related Party Transactions" in "Appendix I—Accountants' Report."

Although we had net cash outflows from operating activities in 2019, we believe we can improve our cash flow position and enhance our liquidity. For example, we expect an increasing revenue from sales of our API and finished dose pharmaceutical products after we renegotiate with our customers to increase the selling prices for our products in 2020 to reflect the increase in raw material costs in 2019, and thus improve our cash flows from operating activities. In addition, we issued a 3-year corporate bond of RMB870 million on February 27, 2020 and received the net proceeds on March 2, 2020. On April 15, 2020, our shareholders approved an additional RMB1.1 billion bank facility with four commercial banks for general corporate purpose. We had unutilized banking facilities of RMB3,825.6 million as of April 30, 2020.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years or as of the dates indicated.

	Year ended December 31, / As of December 31,		
	2017	2018	2019
Gross margin[(1)]	0.30	0.39	0.36
Current ratio[(2)]	1.57	1.20	1.20
Gearing ratio[(3)]	0.65	0.80	0.86
Leverage ratio[(4)]	0.43	0.55	0.51

Notes:

(1) Gross margin equals gross profit divided by revenue for the year.

(2) Current ratio equals current assets divided by current liabilities as of the end of the year.

(3) Gearing ratio equals total financial indebtedness (including interest-bearing bank and other borrowings and lease liabilities) divided by total equity as of the end of the year.

(4) Leverage ratio equals total liabilities divided by total assets as of the end of the year.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets represented a significant portion of the total assets on our consolidated balance sheet. As of December 31, 2019, RMB2,354.9 million, or 15.3%, of our total assets consisted of goodwill relating to our historical acquisitions. Our acquired goodwill primarily arose from our acquisitions of SPL and Cytovance. For more information, please refer to "History, Development and Corporate Structure—Major Acquisitions and Disposals" to this prospectus. As of December 31, 2019, our other intangible assets amounted to RMB559.4 million, or 3.6% of our total assets, which was primarily related to our proprietary technology and the customer relationship we acquired from Cytovance. In order to determine whether our goodwill is impaired, we are required to estimate, among other things, the expected future cash flows that we will derive from the relevant group of assets, which includes an estimation of the expected growth rate in sales of the relevant products, as well as their future gross margins and related operating expenses. Similarly, if we determine that the carrying amount of an intangible asset exceeds its recoverable amount, our other intangible assets may be impaired. In the event that our estimate of our future cash flows from any of these groups of assets decreases from our estimate in prior periods, we could be required to recognize an impairment loss in our consolidated statement of comprehensive income for the relevant period in an amount equal to our estimate of the reduction in value of the relevant group of assets. For more information, please refer to "Risk Factors—Risks Relating to Our Financial Positions and Need for Additional Capital—Goodwill and other intangible assets comprise a substantial portion of our total assets; if we determine our goodwill or other intangible assets to be impaired, it would adversely affect our financial position."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders, namely Leren Technology, Feilaishi, Jintiantu, Mr. Li and Ms. Li, held in aggregate approximately 73.96% of the issued Shares of our Company. Following completion of the Global Offering, our Controlling Shareholders will hold in aggregate approximately 62.86% of the issued Shares of our Company (assuming the Over-allotment Option is not exercised). Our Controlling Shareholders and their respective close associates are not interested in any business, other than our Group, which competes or is likely to compete, directly or indirectly, with our Group's business pursuant to Rule 8.10 of the Listing Rules. Please see "Relationship with the Controlling Shareholders" for more details.

RECENT DEVELOPMENTS

U.S.-China Trade Deal

In December 2019, the U.S. and China reached a partial trade deal, under which the U.S. agreed to cancel some new tariffs and reduce rates for other duties in exchange for China to purchase more U.S. agricultural products and to make changes regarding intellectual property and technology. In light of the current situations and the peculiarities of the pharmaceutical industry, we are of the view that the US-China trade war has not had any material impact on our business operations and prospects. We cannot guarantee, however, that the US-China trade war will not escalate which may have a material adverse effect on our results of operations. Please refer to "Risk Factors—Changes in international trade policies and barriers to trade or the emergence of a trade war may have an adverse effect on our business and expansion plans."

Outbreak of A Contagious Coronavirus Disease

Impact on Our Operations and Our Remedial Measures

A novel strain of coronavirus was detected and emerged globally. In response to the pandemic of the contagious coronavirus disease (COVID-19) ("**COVID-19 pandemic**"), we have promptly formed an emergency response team and have employed various measures to mitigate the impact of the COVID-19 pandemic on our daily operations globally, including routinely conducting sterilization of our facility, maintaining ventilation system, checking the temperature of our employees on a daily basis, and acquiring sufficient face masks from various suppliers.

Our sales of pharmaceutical products in the major markets globally have not been materially affected by the COVID-19 pandemic, despite the temporary lockdown in certain regions in China and the EU, as market demand for our pharmaceutical products remains strong and our operations have not had any material adverse impact by the COVID-19 pandemic. Enoxaparin and heparin sodium are regarded as essential medicines for anticoagulation by the WHO, which are defined as medicines that satisfy the priority health care needs of the population, and should be available within the context of functioning health systems at all times in sufficient amount. LMWH products and heparin 5000 units have also been listed by WHO as recommended interventions to prevent certain complications caused by COVID-19, specifically to reduce the incidence of venous thromboembolism, in its recently published interim guidance on the clinical management of severe acute respiratory infection (SARI) when COVID-19 disease is suspected. Due to its necessity nature, we have not experienced material decrease in the market demand of our enoxaparin sodium injection. Similarly, the global market demand of our API products has not been materially affected, as they are used to produce LMWH and heparin pharmaceutical products, among which, LMWH and heparin 5000 units are WHO recommended interventions to prevent certain complications caused by COVID-19.

Even though some of our employees are not able to report duty on time due to restrictions on public transportation and the self-quarantine requirement, we have not incurred any prolonged delay in manufacture of our pharmaceutical products. Our production in China was temporarily suspended in late January, and resumed production in mid-February. Our manufacturing activities and production efficiency in the U.S. have not been materially affected by the COVID-19 pandemic. The U.S. Department of Homeland Security defines biotechnology and the production of pharmaceuticals as essential critical infrastructure. Despite the stay-at-home orders implemented in various states in the U.S. following the declared national emergency, our production of pharmaceutical products and the

manufacturing activities for CDMO services have not been materially affected by the COVID-19 pandemic. The U.S. states in which we operate, including Oklahoma, Wisconsin and Iowa, have followed the federal guidelines, and thus we have been able to maintain normal operation in the U.S. during the COVID-19 pandemic. Additionally, we have not incurred any prolonged delivery of our pharmaceutical products in the major markets globally. We have not received any importation controls or restrictions due to the COVID-19 pandemic, and we have not experienced any difficulties in arranging shipment or encountered other logistics issues that materially affect the delivery of our products. Furthermore, our sales and marketing activities of enoxaparin sodium injection have not been materially affected as hospitals and pharmacies have maintained operation during the COVID-19 pandemic in China and the EU.

The COVID-19 pandemic has not significantly affected our ability to carry out the obligations under the existing contracts. Our Directors are of the view that there have not been any cancellation of material contracts relating to the manufacturing or delivery of our pharmaceutical products, or any material delay in our provision of CDMO services. Also, our Directors are of the view that there have not been any regulatory delays or protraction of the on-going clinical trials for our drug candidates.

Our operations have not been materially affected by COVID-19 pandemic, nevertheless we have adopted contingency plans to reduce the impact on our business. Our work arrangement during the COVID-19 pandemic divides our employees into two groups, with one group working from home and the other on site. Employees who work onsite will be assigned with respective work schedules, and follow the social distancing policy at the work place. Our contingency plans with respect to COVID-19 are designed in a manner not to have material impact on our business operations and we believe such measures have not materially affected the efficiency of our operations. We will review such work arrangement periodically, to ensure its compliance with relevant regulatory orders. We have maintained a wide network of suppliers for our material raw materials, to ensure sufficient supplies for our manufacturing activities. Moreover, we are able to enhance our production efficiency with our manufacturing facilities and technologies, to mitigate the risk of any potential supply shortage. In particular, SPL's ability to apply different forms of raw materials into its production of heparin sodium can help to reduce the risk of supply shortage, in case of suppliers changing the forms of the raw materials due to labor shortage.

We currently do not anticipate any material deviation from our development and expansion plan due to the COVID-19 pandemic and we currently have sufficient inventory of raw material. We believe that our existing cash balance and inventory level can ensure sufficient working capital for our operations at present and for at least the next 12 months from the date of this prospectus, even if our operation is suspended as a result of the COVID-19 pandemic in the worst case scenario. We have not experienced and do not expect any material impact on our financial conditions or our long-term business prospect due to the COVID-19 pandemic. We cannot guarantee, however, that the COVID-19 pandemic will not further escalate or have any material adverse effect on our results of operations. Please refer to "Risk Factors—We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases" for further details.

Our Clinical Trials for Treating COVID-19

We have initiated two randomized, parallel controlled open-label clinical trials in China, to test the efficacy and safety of our enoxaparin sodium injection, Prolongin, in the treatment of adult

hospitalized patients with COVID-19, in the Union Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology and the Third People's Hospital of Shenzhen, respectively. We received the approval of both hospitals' ethics committees in March 2020, and we have started patient randomization in the Third People's Hospital of Shenzhen. Primary results of the trials will be posted within six months after the completion of the clinical trails. The primary outcome indicator of the trials is the time to virus eradication, and the secondary outcome indicators include the incidence of mild or common novel coronavirus pneumonia progressing to severe, and the time for the main clinical manifestations to subside, such as fever, cough, respiratory rate and the level of peripheral capillary oxygen saturation (SpO2).

In addition, we will join a clinical study of using Inhixa in treating patients with COVID-19 in Italy. In April 2020, AIFA approved phase II of the clinical study for Inhixa in the treatment of hospitalized patients with moderate to severe COVID-19. The clinical study will be conducted in 14 clinical sites and will apply Inhixa to around 300 patients with moderate to severe COVID-19. The primary endpoint for efficacy assessments of the clinical study is the patient mortality rate at 30 days after diagnosis. The secondary endpoints for efficacy assessments of the clinical study include proportion of patients in the severe or critical stage of disease at the end of treatment and reduction of viral load in blood.

Our Collaboration with Akshaya on the development of COVID-19 Therapeutic Vaccines

Our CDMO platform, Cytovance recently announced it has entered into a letter of intent with Akshaya Bio, Inc., a Canadian development stage biotechnology company ("**Akshaya**") to co-develop Akshaya's COVID-19 therapeutic vaccine. According to the letter of intent, Cytovance intends to provide development and manufacturing support to facilitate the preclinical and clinical studies of the COVID-19 product candidate. The two parties will focus on using Akshaya's proprietary technology to develop and advance the COVID-19 therapeutic vaccine with Cytovance's support on cGMP manufactured bulk formulations of the drug substance.

Transaction with Dual

On April 20, 2020, OncoQuest entered into a definitive asset transfer agreement with Dual Industrial Co., Ltd., a company listed on KOSDAQ ("**Dual**"), to sell its clinical and pre-clinical immunotherapy development assets in exchange for US$300 million in a combination of common stock and perpetual convertible bonds of Dual and commitment to fund the phase III clinical trial for Oregovomab. Our exclusive development and commercial rights in Oregovemab and mAb-AR20.5 and OncoQuest's equity interest in Oncovent are not part of and will not be affected by the transaction. Pursuant to the asset transfer agreement, Dual will be responsible for all the cost of clinical and non-clinical development of OncoQuest's immunotherapy product candidates. Dual will also provide US$75 million for such development. The completion of this transaction is subject to the satisfaction of certain preconditions.

Our Financial Viability

We had cash and cash equivalents of RMB1,076.5 million as of December 31, 2019. We estimate that we will receive net proceeds of approximately HK$4,036.6 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$19.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK$18.40 to HK$20.60 per Offer Share in this prospectus. 30% of

the net proceeds from the Global Offering, or approximately HK$1,211.0 million, is designated for improving our capital structure and repaying existing debt and not for any operating purposes. We expect after repayment of such existing debt using the proceeds from the Global Offering, we can re-borrow the same amount of funds to support our operating activities. Taking into account such 30% of the net proceeds to be used for improving our capital structure and repaying existing debt, we estimate our cash and cash equivalents of RMB2,183.7 million are sufficient to maintain our financial viability for approximately 36.2 months, assuming our monthly cash outflow is approximately RMB60.3 million in the worst case scenario where there is a 10% increase in our raw material costs. Without taking into account any proceeds from the Global Offering, we estimate our cash and cash equivalents as of December 31, 2019 are sufficient to maintain our financial viability for approximately 17.9 months in the aforementioned worst case scenario. Our monthly cash outflow refers to the average monthly net cash outflow from operating activities based on 2019 cash flow used in operating activities adjusted for the worst case scenario, together with our monthly mandatory capital expenditures (including maintenance costs related to property, plant and equipment, right-of-use assets and other intangible assets). We expect our net profit in 2020 may be lower than our net profit in 2019, which is primarily attributable to (i) the non-recurring nature of our gain on deemed disposal of a subsidiary as a result of the deconsolidation of HighTide in 2019, and (ii) the uncertainty in forecasting our dividend income, government grants, foreign exchange difference and fair value gains in financial assets in 2020 and (iii) the fluctuation of our share of profits and losses of our associates in 2020.

Summary of Financial Performance and Financial Position for the Three Months ended March 31, 2020

Condensed Consolidated Statements of Profit or Loss

The table below sets forth our condensed consolidated statements of profit or loss with line items in amounts and as percentages of our revenue for the periods indicated:

	For the three months ended March 31,			
	2019		2020	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Revenue	**1,021,559**	**100.0**	**1,376,780**	**100.0**
Cost of sales	(675,680)	(66.1)	(793,117)	(57.6)
Gross profit	345,879	33.9	583,663	42.4
Other income and gains, net	556,725	54.5	1,424	0.1
Selling and distribution expenses	(76,709)	(7.5)	(101,239)	(7.4)
Administrative expenses	(128,307)	(12.6)	(132,621)	(9.6)
Impairment losses on financial assets	(8,849)	(0.9)	(6,689)	(0.5)
Other expenses	(210)	0.02	(661)	(0.05)
Finance costs	(57,327)	(5.6)	(78,088)	(5.7)
Share of profits and losses of associates	(60,855)	(6.0)	44,444	3.2
Profit before tax	**570,347**	**55.8**	**310,233**	**22.5**
Income tax expense	(103,250)	(10.1)	(53,264)	(3.9)
Profit for the Period	**467,097**	**45.7**	**256,969**	**18.7**
Attributable to:				
Owners of the parent	478,271	46.8	257,603	18.7
Non-controlling interests	(11,174)	(1.1)	(634)	0.05
Earnings per share attributable to ordinary equity holders of the parent				
Basic				
—for profit for the period	RMB0.38		RMB0.21	
Diluted				
—for profit for the period	RMB0.38		RMB0.21	

Our revenue increased from RMB1,021.6 million for the three months ended March 31, 2019 to RMB1,376.8 million for the three months ended March 31, 2020, which was primary attributable to the increase in the sales volume of enoxaparin sodium injections and enoxaparin sodium APIs, and the increase in the unit price of enoxaparin sodium injections and our API products.

Our cost of sales increased from RMB675.7 million for the three months ended March 31, 2019 to RMB793.1 million for the three months ended March 31, 2020, which was mainly in line with our increase in cost of materials primarily as a result of our increase in sales volume of enoxaparin sodium injections and enoxaparin sodium APIs.

Our gross profit increased from RMB345.9 million for the three months ended March 31, 2019 to RMB583.7 million for the three months ended March 31, 2020, which was primarily due to the increase in both the sales volume and the unit price of enoxaparin sodium injections, and the increase in the unit price of API products.

Our net profit decreased from RMB467.1 million for the three months ended March 31, 2019 to RMB257.0 million for the three months ended March 31, 2020, which was primarily attributable to the

decrease in other income and gains mainly due to the non-recurring nature of our gain on deemed disposal of a subsidiary as a result of the deconsolidation of HighTide in 2019.

Selected Items of (Condensed) Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statement of financial position as of December 31, 2019, and from our condensed consolidated statement of financial position as of March 31, 2020:

	As of December 31, 2019	As of March 31, 2020
	RMB'000	RMB'000
Total non-current assets	9,351,977	9,777,701
Total current assets	5,999,970	6,274,087
Total assets	**15,351,947**	**16,051,788**
Total current liabilities	4,996,561	4,720,848
Total non-current liabilities	2,883,512	3,471,861
Total liabilities	**7,880,073**	**8,192,709**
Total assets less current liabilities	**10,355,386**	**11,330,940**
Net current assets	**1,003,409**	**1,553,239**
Net assets	**7,471,874**	**7,859,079**
Share capital	1,247,202	1,247,202
Reserves	6,101,158	6,489,018
Non-controlling interests	123,514	122,859
Total equity	**7,471,874**	**7,859,079**

Our net assets increased from RMB7,471.9 million as of December 31, 2019 to RMB7,859.1 million as of March 31, 2020, which was mainly due to the increase in our inventories of RMB295.0 million as a result of the increase in the inventory of raw materials, as we are in the process of price renegotiation with the customers of API products, and it takes time for such renegotiation before our sale to the API customers who will agree with the increased price, and our continued inventory storage in anticipation of an increasing demand of enoxaparin sodium injections from the European market, the increase in our trade and bills receivables of RMB165.4 million in line with our increased sales of enoxaparin sodium injections and enoxaparin sodium APIs, and decrease in our current interest-bearing bank and other borrowings of RMB323.1 million as a result of repayment of certain of our exiting current bank borrowings and incurring less new current bank borrowings as the Chinese banks are usually closed during the Chinese New Year holiday, and therefore few new loans were granted during the period, partially offset by the increase in our non-current interest-bearing bank and other borrowings of RMB588.9 million primarily due to our issuance of a 3-year corporate bond of RMB870 million in February 2020.

Selected Items of Condensed Consolidated Statements of Cash Flows

The table below sets forth selected information from our condensed consolidated statements of cash flows for the periods indicated:

	For the three months ended March 31,	
	2019	2020
	RMB'000	RMB'000
Cash flows from operating activities before movements in working capital	211,194	353,480
Change in working capital	(317,513)	(530,107)
Bank interest income	3,586	3,158
Income tax paid	(36,117)	(35,255)
Net cash flows (used in)/from operating activities	(138,850)	(208,724)
Net cash flows (used in)/from investing activities	(99,612)	(44,216)
Net cash flows (used in)/from financing activities	(603,928)	77,533
Net increase/(decrease) in cash and cash equivalents	(842,390)	(175,407)
Cash and cash equivalents at beginning of period	1,526,100	1,076,537
Effect of foreign exchange rate changes, net	(6,052)	(1,248)
Cash and cash equivalents at end of period	677,658	899,882

We recorded net cash flow used in operating activities of RMB208.7 million for the three months ended March 31, 2020, which was primarily attributable to the increase in our inventories of RMB295.0 million as a result of the increase in the inventory of raw materials, as we are in the process of price renegotiation with the customers of API products, and it takes time for such renegotiation before our sale to the API customers who will agree with the increased price, and our continued inventory storage in anticipation of an increasing demand of enoxaparin sodium injections from the European market, and the increase in our trade and bills receivables of RMB148.5 million that was in line with our increased sales of enoxaparin sodium injections and enoxaparin sodium APIs.

No Material Adverse Change

Save as disclosed in the prospectus, our Directors confirm, as of the date of this prospectus, that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since December 31, 2019, the end of the period reported on in the Accountants' Report set out in Appendix I to this prospectus.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) are estimated to be approximately HK$265.7 million, assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$19.50 (being the mid-point of our Offer Price range of HK$18.40 to HK$20.60 per Offer Share). These listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering.

As of December 31, 2019, the listing expenses (excluding underwriting commissions) incurred were RMB23.6 million. We estimate that additional listing expenses of RMB219.3 million (including underwriting commissions of RMB176.6 million, assuming the Over-allotment Option is not exercised and based on the mid-point of our Offer Price range of HK$18.40 to HK$20.60 per Offer Share) will be incurred by our Company, of which approximately RMB53.5 million is expected to be charged to our consolidated statement of profit or loss and approximately RMB165.8 million is expected to be charged against equity upon the Listing.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 220,094,500 new H Shares are issued pursuant to the Global Offering; and (ii) 1,467,296,204 Shares are issued and outstanding following the completion of the Global Offering.

	Unaudited pro forma adjusted net tangible assets per Share[(1)]	Market capitalization of our H Shares[(2)]	Market capitalization of our A Shares and H Shares[(3)]
	(HK$)	(HK$)	(HK$)
Based on the Offer Price of HK$18.40 for each Offer Share	5.92	4,049.7 million	36,011.8 million
Based on the Offer Price of HK$20.60 for each Offer Share	6.22	4,533.9 million	36,496.0 million

Notes:

(1) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 1,467,296,204 Shares immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.9143 prevailing on June 12, 2020.

(2) The calculation of the market capitalization of our H Shares is based on the assumption that 220,094,500 H Shares will be in issue and outstanding immediately following the completion of the Global Offering.

(3) The calculation of the market capitalization of our A Shares and H Shares is based on the assumption that 220,094,500 H Shares will be in issue and outstanding immediately following completion of the Global Offering and 1,247,201,704 A Shares will be in issue and outstanding immediately following completion of the Global Offering with a volume weighted average closing price of RMB23.43 during the five trading days immediately preceding June 15, 2020.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$4,036.6 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$19.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK$18.40 to HK$20.60 per Offer Share in this prospectus. We intend to use the net proceeds we will receive from the Global Offering for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 30.0% of net proceeds, or approximately HK$1,211.0 million, for improving our capital structure and repaying existing debt, including our loan facility of RMB588 million at China Merchants Bank for the acquisition of Topknow, US$30.7 million at Ping An Bank of China and US$42.5 million at Bank of China due in June 2020, February 2021 and July 2020 respectively, and interest rate of 4.785%, 3 month libor+1.5% and 3 month libor+1.3%, respectively. For more details, see "Financial Information—Indebtedness".
- approximately 30.0% of net proceeds, or approximately HK$1,211.0 million, for our expansion of the sales and marketing network and infrastructure in the EU and other global markets, such as China, including:
  - (i) 15.0% of net proceeds, or approximately HK$605.5 million, for hiring additional sales personnel and providing related training, implementing marketing tools and the installation of relevant equipment and technology systems, organizing and sponsoring marketing events, increasing academic marketing activities and promoting other sales and marketing initiatives, to keep up with the anticipated sales growth of products that are marketed by our in-house sales force in the EU and other markets globally;
  - (ii) 5.0% of net proceeds, or approximately HK$201.8 million, for establishing regional offices in the U.S., and expanding distribution network to cover more provinces in China;

(iii) 5.0% of net proceeds, or approximately HK$201.8 million, for the construction of a centralized logistic facility in China; and

(iv) 5.0% of net proceeds, or approximately HK$201.8 million, for the design, implementation and upgrade of a unified enterprise resource planning system and the acquisition of database.

- approximately 20.0% of net proceeds, or approximately HK$807.3 million, for expanding our development and manufacturing capacity and broadening our product and services offering of Cytovance, including:

  (i) 16.0% of net proceeds, or approximately HK$645.9 million, for upgrading, expanding existing manufacturing facility in Oklahoma, the U.S., establishing additional manufacturing facility and acquiring more equipment to enhance Cytovance's pDNA production capacities. Specifically, we plan to expand Cytovance's existing manufacturing facility by launching a new production line of microbial fermentation of which we have commenced construction in 2020 and we expect the construction to be completed by late 2021 or early 2022. Upon completion, it will substantially increase Cytovance's large-scale microbial manufacture capacity and enable Cytovance to provide services to more customers with commercial products. We will also expand Cytovance's pDNA manufacturing capability by building multiple productions lines, and we expect to kick off design of the first production line in 2020 and aim to complete the construction of at least one production line by end of 2021 or early 2022, which will substantially increase Cytovance's pDNA production capacity. These upgrades and the expansions will also be funded by cash generated from our operations and/or our banking facility;

  (ii) 2.0% of net proceeds, or approximately HK$80.7 million, for expanding our R&D team to enhance discovery and cell line development capabilities, by recruiting more laboratory and quality assurance staffs with relevant expertise to further enhance Cytovance's R&D service capability, in order to ensure the commercial conversion of our customers with products at early clinical stage; and

  (iii) 2.0% of net proceeds, or approximately HK$80.7 million, for (i) further developing our protein analytics and materials testing services, by recruiting qualified workforce with relevant expertise and experiences and acquiring essential equipment to expand the capabilities of both services, and (ii) gradually establishing finished dose manufacturing capabilities, starting with the addition of small scale equipment to meet the demand of our existing customers, followed by the installation of more advanced and large scale equipment and facilities to expand our services. We plan to initiate the design and construction of Cytovance's finished dose manufacturing facility in early 2021.

- approximately 20.0% of net proceeds, or approximately HK$807.3 million, for investment in innovative drugs, including (i) 12.0% of net proceeds, or approximately HK$484.4 million, for the development and commercialization of our existing innovative drug candidates in Greater China, primarily in the China market, and (ii) 8.0% of net proceeds, or approximately HK$322.9 million, for the investment in potential targets in China or in other global markets. We have not yet identified any specific targets for investment, but we intend to explore investment opportunities in drug candidates that focus on therapeutic areas with significant unmet medical needs, primarily including oncology, cardiovascular

diseases and other diseases with an immune system disorder axis. We plan to primarily seek for the opportunities to acquire the development and commercial rights in Greater China of late-stage drug candidates and at the same time invest in drug candidates at early stage of development.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range. If the Offer Price is fixed at HK$20.60 per H Share, being the high end of the indicative Offer Price range, our net proceeds will be (i) increased by approximately HK$230.9 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK$265.6 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK$18.40 per H Share, being the low end of the indicative Offer Share range, our net proceeds will be (i) decreased by approximately HK$230.9 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK$265.6 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK$614.1 million, assuming an Offer Price of HK$19.50 per Share, being the mid-point of the indicative Offer Price range. The Company may be required to issue up to an aggregate of 33,014,000 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 short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

DIVIDEND POLICY

We declared and paid dividends of RMB311.8 million, RMB56.1 million and RMB124.7 million to our then Shareholders for the years ended December 31, 2017, 2018, and 2019, respectively. In accordance with the Board resolution dated April 27, 2020, we approved the dividend distribution plan for the fiscal year ended December 31, 2019, where we declared dividend payment of RMB224.5 million. Such dividends are scheduled to be paid before the Listing. Except as disclosed in this section, we had not made any payment of, or set any payment schedule for, dividends as of the Latest Practicable Date.

After the Global Offering, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. At the end of each financial year, distribution of dividends will be formulated by our Board, and will be subject to shareholders' approval. Decisions to declare or to pay any dividends in the future, will depend on, among other things, the company's profitability, operation and development plans, external financing environment, costs of capital, the company's cash flows and other factors that our Directors may consider relevant.

Pursuant to our Dividends Distribution Plan (2018-2020) approved by our Board, we, in principle, declare and distribute our dividends once a year. The accumulated cash dividends we pay in the past three years shall be no less than 30% of the average annual distributable profit in the respective period. We are also able to declare interim dividends subject to our profitability and capital

requirements. When the Board considers that our stock price does not align with the total amount of our outstanding shares, or when the Boards considers appropriate, we can propose and carry out a stock dividend distribution plan, provided that the above requirements of cash dividend distribution are satisfied. For more information, please see "Financial Information—Dividend Policy."

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. We believe the most significant risk we face include:

- We are largely dependent on sales of our two products, enoxaparin sodium injection and heparin sodium API;
- Failure to attain market acceptance among the medical community would have a material adverse impact on our operations and profitability;
- The retail prices of certain of our products are subject to price control or downward adjustment by the government authorities or other pricing pressure;
- Sales of our enoxaparin sodium injection products depend on the reimbursement policies of the governmental authorities and health insurers. Failure to obtain or maintain adequate medical insurance coverage and reimbursement for our pharmaceutical products could limit our ability to market those products and decrease our ability to generate revenue;
- If our products are not manufactured to the necessary quality standards, it could harm our business and reputation, and our revenue and profitability could be adversely affected;
- If we suffer substantial disruption to any of our production sites or encounter problems in manufacturing our products, our business and results of operations could be adversely affected;
- Fluctuations in prices of our raw materials may have a material adverse effect on us if we are not able to transfer the cost increase to our customers;
- If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed;
- Our CDMO business is dependent on our customers' spending on and demand for outsourced biologics discovery, development and manufacturing. A reduction in spending or demand could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects;
- If we or parties on whom we rely fail to comply with the laws and regulations related to, or maintain the necessary licenses for, the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired; and
- Goodwill comprises a substantial portion of our total assets; if we determine our goodwill to be impaired, it would adversely affect our financial position.

A detailed discussion of all the risk factors involved are set out in the section headed "Risk Factors" in this prospectus. You should read the whole section carefully before you decided to invest in the Offer Shares.