Post Hearing Information Pack of

Ocumension Therapeutics
歐康維視生物

(Incorporated in the Cayman Islands with limited liability)

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Ocumension Therapeutics
歐康維視生物

(Incorporated in the Cayman Islands with limited liability)

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Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED] per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on [REDACTED] in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**US$0.00001 per Share**
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[●], 2020

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

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SUMMARY

***This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to* [REDACTED] *in the* [REDACTED]. *We are a pharmaceutical company seeking a* [REDACTED] *under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Listing Rule 8.05 (1), (2) or (3). There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a significant first-mover advantage over future competitors.

Ophthalmology is a highly specialized area. In China, eye diseases are common, yet treatment rates are low, lagging significantly behind the United States. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, at a CAGR of 16.0%. To capture significant under-tapped commercial potential in this emerging market, we have, since our inception, focused on building a platform integrating specialized capabilities in each major functionality involved in an ophthalmic drug's development cycle, from research and development, manufacturing to commercialization.

Leveraging our platform, we have, in less than three years, built a strategically designed ophthalmic drug portfolio that is comprehensive, innovative and validated. As of the Latest Practicable Date, we had 16 drug assets in our portfolio, covering all major front- and back-of-the-eye diseases, making us one of only a few pharmaceutical companies in China with such full coverage, according to Frost & Sullivan. We have four innovative drug candidates in advanced-stage development in China, which we believe will potentially be first- or best-in-class if approved and have significant near-term revenue potential from as early as 2022. Our portfolio includes three of the ten ophthalmic drugs approved by the United States Food and Drug Administration, or the FDA, since 2015 that are not yet available in China in any formulation. Additionally, our portfolio includes three drugs that are in or near the commercial stage.

We have demonstrated strong execution capabilities in every aspect of our operations with a singular focus on delivering innovative world-class products to ophthalmic patients in China. We set out to build a portfolio of innovative drugs comprehensively addressing key ophthalmic diseases and pursued a dual-source innovation strategy through in-licensing/acquisition or internal research and development. At this stage of our rapid development, our portfolio comprises predominantly in-licensed or acquired drug assets. We have established a successful track record of in-licensing innovative ophthalmic drugs from global partners, and believe that we are well positioned to be the "go to" China partner for global ophthalmic pharmaceutical companies. Going forward, we intend to gradually shift our priority to conducting most of our new drug candidate discovery, research and development internally. In clinical drug development, we advance our drug candidates through optimal regulatory pathways toward commercialization in China with maximum efficiency, leveraging our broad regulatory and commercial expertise. In addition, we have made significant progress establishing our own manufacturing and commercialization capabilities. Development has begun on a new facility in Suzhou, which is expected to be larger than any other specialized ophthalmic manufacturing facility in China by capacity when completed (up to 455 million doses annually), according to Frost & Sullivan. We have also established a concrete commercialization plan with high execution visibility, and have been expanding our sales force and drawing up marketing strategies.

Our Company is led by some of the best talent in China ophthalmology with relevant industry experience. Our visionary management team has extensive experience and deep domain expertise in ophthalmic drug research and development, manufacturing and commercialization in China. We believe that their track record will prove a valuable asset for us as we pursue our future success.

We boast top-tier global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management.

OUR PORTFOLIO

The following chart summarizes our portfolio as of the Latest Practicable Date:

	Program	MOA	Classification	Front / Back of the Eye	Indication	Commercial Rights	Licensing Partner	Preclinical	IND Preparation	Phase I/II	Phase III	NDA/BLA
ADVANCED-STAGE	OT-401 (YUTIQ)	Corticosteroids intravitreal implant	New drug[3]	Back	Chronic NIU-PS*	Greater China	EyePoint Pharmaceuticals	China: to submit NDA in 1H2022				US Approved (EyePoint)
	OT-101	Atropine	New drug[3]	Front	Myopia	Global		Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE			**	
	OT-301 (NCX 470)	NO-donating bimatoprost analog	New drug[3]	Front	Glaucoma	Greater China, Korea and 12 countries in Southeast Asia[4]	nicox visible science	Global: 1st Phase III trial initiated in June 2020 in the United States. 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE			**	Phase III US (Nicox)
	OT-1001 (ZERVIATE)	Cetirizine	New drug[3]	Front	Allergic conjunctivitis	Greater China and 11 countries of the Southeast Asian region[5]	nicox visible science	China: Phase III trial expected in 2H2020			**	US Approved (Nicox)
NEAR CLINICAL-STAGE	OT-502 (DEXYCU)	Dexamethasone	New drug[3]	Front	Postoperative inflammation	Greater China	EyePoint Pharmaceuticals	China: Phase III trial expected in 2Q2021			**	US Approved (EyePoint)
	OT-202	Tyrosine kinase inhibitor	New drug[3]	Front	Dry eye	Global		China: to submit IND in 1H2021			**	
	OT-503 (NCX 4251)	Fluticasone propionate nanocrystals	New drug[3]	Front	Blepharitis	Greater China	nicox visible science	China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022			***	Phase II US completed (Nicox)
	OT-701	Anti-VEGF	Biosimilar	Back	wet AMD*	Greater China	SENJU GENE TECHNO SCIENCE	China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023				Phase III trial in Japan substantially completed and to submit NDA in Japan (Senju and GTS)
COMMERCIAL-STAGE AND NEAR COMMERCIAL-STAGE	Ou Qin[1]	Hyaluronic acid	Generic drug	Front	Dry eye	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2019
	Brimonidine tartrate eye drop[2]	Brimonidine tartrate	Generic drug	Front	Glaucoma and ocular hypertension	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2016
	0.5% moxifloxacin eye drop	Moxifloxacin	Generic drug	Front	Bacterial conjunctivitis	Global		China: abbreviated NDA submitted in January 2020				
PRE CLINICAL STAGE	OT-601-C	Moxifloxacin-dexamethasone sodium phosphate	New drug[3]	Front	Postoperative inflammation	Global		China			**	
	OT-302	Acetazolamide	Generic drug	Front	Acute glaucoma	Global		China			**	
	OT-1301	Cyclosporine implant	New drug[3]	Front	Cornea graft rejection	Global		China			**	
	OT-1601	Stem cells	New drug[3]	Back	Retinitis pigmentosa and dry AMD*	Greater China	SanBio	China			**	
	OT-1602	Stem cells	New drug[3]	Back	Optic neuritis	Greater China	SanBio	China			**	

In-licensed/acquired Internally developed

Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL1900130.

* Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration.

** May not require Phases I and II clinical trials prior to beginning Phase III clinical trials.

*** May not require Phase I clinical trials prior to beginning Phase II clinical trials.

1 We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin.

2 We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop.

3 Referring to drugs classified as class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (original research drugs registered abroad and applying for registration in China) under relevant PRC drug registration laws and regulations.

4 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philip pines, Singapore, Thailand, Timor Leste and Vietnam.

5 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea and Timor Leste.

Advanced-Stage Drug Candidates

Core Product

OT-401 (YUTIQ), our Core Product, is an innovative intravitreal implant designed to provide sustained release of a corticosteroid active ingredient for 36 months from a single administration to treat chronic non-infectious uveitis affecting the posterior segment of the eye, or chronic NIU-PS, an indication for which there is no standard of care in China. In the United States, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone for up to 36 months. Uveitis is one of the leading causes of blindness in China and worldwide, as blindness will be the natural course of the disease if it is left untreated, in particular in young adults. According to Frost & Sullivan, non-infectious posterior uveitis, or NIPU, affected 1.4 million people in China in 2019, and is expected to affect 1.8 million people in 2030. We are developing (including conducting a bridging Phase III clinical trial and seeking regulatory approvals) OT-401 as a potential first-in-class treatment for chronic NIU-PS in China. We initiated a bridging Phase III trial in China and enrolled the first patient in November 2019. We plan to submit an NDA in the first half of 2022 and commence commercialization in the second half of 2022 upon approval. Considering that (i) there are only three marketed steroid implants indicated for chronic NIU-PS globally and none of these implants are currently available for uveitis patients in China, and (ii) OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China, OT-401 is expected to be the first and only ocular implant indicated for chronic NIU-PS in China upon approval, accordingly to Frost & Sullivan. Separately, OT-401 has been approved for treating patients under the Boao Pilot Program and started to generate limited revenue for us since August 2019. PRC patent for OT-401 will expire in October 2024. Considering that we have rights of key

know-how and other confidential technologies of OT-401 and we have taken patent expiration date into consideration when establishing our commercialization plan, our Directors are of the view that there will be no adverse impact on our commercialization plan for OT-401 in the PRC upon patent expiration.

Summary of Clinical Trial Data

The NDA approval by the FDA for YUTIQ was based on two Phase III clinical trials sponsored by EyePoint, PSV-FAI-001 and PSV-FAI-005. In both trials, patients were randomized to receive either a sham injection or YUTIQ and were observed for three years following treatment to evaluate the efficacy and safety of YUTIQ. The primary efficacy endpoints in both trials (PSV-FAI-001 and PSV-FAI-005) were the proportion of patients who experienced recurrence of uveitis within six months of follow-up. The recurrence rates of YUTIQ-treated patients in both trials were statistically significantly lower than those of sham-treated patients. YUTIQ was also generally well tolerated through 6 months, 12 months and 36 months of follow-up in both trials. Selected efficacy and safety data of the two trials are presented below. Another Phase III trial, PSV-FAI-006, was conducted to evaluate the utilization and safety of two types of intravitreal inserters. The primary utilization endpoint in this trial (PSV-FAI-006) was defined as the proportion of intravitreal insertion procedures that were assessed as satisfactory by the investigator. For the full summary of clinical trial data of these trials, see "Business—Our Portfolio—Advanced-Stage Drug Candidates—OT-401 (YUTIQ)—Summary of Clinical Trial Data."

	Efficacy Data			
	PSV-FAI-001		**PSV-FAI-005**	
	YUTIQ N=87	**Sham N=42**	**YUTIQ N=101**	**Sham N=52**
Recurrence at 6 months follow up	18.4%	78.6%	21.8%	53.8%
Recurrence at 12 months follow up	27.6%	85.7%	32.7%	59.6%
Recurrence at 36 months follow up	56.3%	92.9%	46.5%	75.0%
Assistant treatment with intraocular/periocular steroids needed for uveitis inflammation	19.5%	69.0%	8.9%	51.9%

	Safety Data			
	PSV-FAI-001		**PSV-FAI-005**	
	YUTIQ N=87	**Sham N=42**	**YUTIQ N=101**	**Sham N=52**
Elevated IOP				
IOP-lowering medication used	42.5%	33.3%	74.3%	73.1%
IOP-lowering surgery performed	5.7%	11.9%	2.0%	0.0%
Cataracts extracted	48.3%	50.0%	70.5%	26.5%

Ongoing Phase III Clinical Trial in China

We are conducting a multi-center, randomized, double-blinded, controlled Phase III clinical trial to evaluate the clinical safety and efficacy of OT-401 in subjects with chronic NIU-PS in China. The primary purpose of the bridging study is to demonstrate that the clinical data in the United States (PSV-FAI-001 and PSV-FAI-005, on which the NDA approval for YUTIQ from the FDA was based) could be extrapolated to the Chinese population.

As of the Latest Practicable Date, we had recruited a total of 29 patients out of the total 150 patients that the study is designed to enroll. Out of the 29 enrolled patients, 23 patients had already received their 7-day follow-up visits, 19 patients had received their 28-day follow-up visits, 12 patients had received their 2-month follow-up visits, 12 patients had received their 3-month follow-up visits and 5 patients had received their 6-month follow-up visits.

Further Clinical Development Plan

We plan to continue the Phase III trial in China and complete the clinical study report of a 12-month follow-up in the first quarter of 2022. We target to make an NDA submission for OT-401 in the first half of 2022.

Licensing

Licensing is a common business model in the pharmaceutical industry. We entered into an exclusive license agreement and a related supply and quality agreement with respect to OT-401 in November 2018 from EyePoint, an ophthalmology-focused biopharmaceutical company listed on the NASDAQ, which are in line with industry norms, according to Frost & Sullivan. Under the license agreement, we obtained the right from EyePoint to import, test, use, sell, develop and commercialize OT-401 in the Greater China region, which allows us to develop and commercialize OT-401 in China (independent of EyePoint) according to our business plan. The license is expected to continue to be in full force and effect until we stop selling OT-401 commercially in each relevant jurisdiction in the licensed territory, which timing is within our control. EyePoint is not entitled to terminate the license agreement without cause or uncured material breach by us. EyePoint will be our exclusive supplier of OT-401 for clinical development and commercialization needs. In the event of a major supply disruption, the parties have agreed to a backup plan to transfer the relevant manufacturing technology (not patent) to allow manufacture of OT-401 by a third-party manufacturer. For details, see "Business—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)," "Business—Intellectual Property" and "Risk Factors—Risks Relating to Our Intellectual Property Rights—Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by licensing partners."

Our R&D Work

During the Track Record Period and up to the Latest Practicable Date, we independently conducted substantial R&D work for OT-401 and made progress towards its Phase III clinical trial in China and its admission to the Boao Pilot Program. We have predominantly been involved in post-in-licensing clinical-stage development of OT-401 and we conducted a broad range of R&D activities during: (i) IND preparation and approval, which includes conducting detailed technical analysis, developing registration strategy and clinical protocol and organizing communication with regulatory authorities, CRO and licensing partner, (ii) ongoing Phase III clinical trial in China, which includes selection of vendors and clinical sites, documentation and system preparation, clinical trial personnel training, subject screening and study management, monthly review of protocol deviation cases, monthly review of media data, real-time communication of AEs and risk management during the COVID-19 outbreak, and (iii) Boao Pilot Program, which includes pre-treatment R&D work such as setting up assessment committee and post-treatment R&D work such as closely follow-up for post-treatment clinical data. Our R&D efforts helped us obtain from the NMPA a Phase I clinical trial waiver and an approval for bridging Phase III clinical trial. See "Business—Our Portfolio—Late-Stage and Near Late-Stage Drug Candidates—OT-401 (YUTIQ)—Our R&D Work."

Other Advanced-Stage Drug Candidates

OT-101 is a low-concentration (0.01%) atropine eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. According to Frost & Sullivan, atropine is the only medication to date that has been demonstrated to be consistently effective and safe in controlling myopic progression. OT-101, as a low-concentration (0.01%) atropine eye drop, is believed to have lower rates of adverse effects compared to high-concentration (0.5-1%) atropine. The instability of low-concentration atropine solutions has long been a technical barrier. We are developing a unique approach to address the stability of low-concentration atropine solutions, so that OT-101 could be a viable product for the treatment of myopia. According to Frost & Sullivan, myopia affected nearly 168.8 million children and adolescents in China in 2019 and is expected to affect 191.4 million in 2030. Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively.

OT-301 (NCX 470) is a new chemical entity designed to release both bimatoprost, an FDA-approved prostaglandin analog, or PGA, and nitric oxide, or NO, for the treatment of open-angle glaucoma and ocular hypertension. We expect the dual mechanism of action to activate two independent aqueous humor outflows from the eye, which is expected to be a more effective method to lower intraocular pressure. As a novel second-generation NO-donating bimatoprost analog, OT-301 has demonstrated superior efficacy to a PGA monotherapy. According to Frost & Sullivan, glaucoma is currently considered the second-leading cause of irreversible blindness worldwide; the prevalence of glaucoma in China reached 19.6 million in 2019, and the rate of blindness is 38.3%. Two PRC patents for OT-301 will expire in May 2029

and July 2039, respectively. Subject to IND approval, we and Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020 and we plan to use data from the global trials to support a NDA submission in China. We plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA. During the Track Record Period and up to the Latest Practicable Date, we made substantial R&D efforts for OT-301. In particular, we jointly developed the globally synchronized clinical development plans, clinical trial designs and study protocol that meets the requirements in China and the United States with Nicox. We may use data from both MRCTs to support our NDA submission in China in the future. See "Business—Our Portfolio—Late-Stage and Near Late-Stage Drug Candidates—OT-301 (NCX 470)—Our R&D Work."

OT-1001 (ZERVIATE) is the first and only FDA-approved topical ocular formulation of the antihistamine cetirizine for the treatment of ocular itching associated with allergic conjunctivitis. OT-1001 is a novel formulation of cetirizine, which is the best-selling antihistamine with a well-characterized systemic efficacy and favorable safety profile. If approved, it will be the only ophthalmic drug in China that is safe for adults as well as children aged two years and older. According to Frost & Sullivan, approximately 250.9 million people suffered from allergic conjunctivitis in China in 2019, with a CAGR of 5.1% from 2015. Frost & Sullivan further estimates that the allergic conjunctivitis patients will reach 308.6 million and 375.9 million in China in 2024 and 2030, respectively. We plan to conduct a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval. During the Track Record Period and up to the Latest Practicable Date, we made substantial R&D efforts to prepare for the confirmatory Phase III clinical trial for OT-1001 to be initiated in China. In particular, we developed a clinical development plan and a clinical protocol matching the characteristics of the onset of allergic conjunctivitis among the Chinese population and clinical practices in China. We also optimized our clinical trial design and clinical development plan to in line with current clinical practices in China based on technical consultations with the CDE. See "Business—Our Portfolio—Late-Stage and Near Late-Stage Drug Candidates—OT-1001 (ZERVIATE)—Our R&D Work."

Near Clinical-Stage Drug Candidates

OT-502 (DEXYCU) is a single-dose, sustained-release intraocular injection to treat postoperative (mostly cataract surgery) inflammation, the first and only FDA-approved long-acting intraocular product for the indication. PRC patents for OT-502 will expire between 2025 to 2034. We plan to discuss with the NMPA to conduct a bridging Phase III trial for OT-502 in the second quarter of 2021 to support our NDA submission in China. Similar to OT-401, we plan to enroll patients in Hainan under the Boao Pilot Program to use OT-502 upon approval from the competent authorities. During the Track Record Period and up to the Latest Practicable Date, we made substantial R&D efforts to further develop OT-502, including research and preparation of pre-IND meeting application, design of a bridging Phase III clinical trial and preparation of real-world study under the Boao Pilot Program. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-502 (DEXYCU)—Clinical Development Plan and Our R&D Work."

OT-202 is an innovative topical targeted treatment for dry eye. We are investigating a novel chemical compound to reduce inflammation in dry eye by targeting tyrosine kinases, which is expected to qualify OT-202 to be classified as a class 1 drug (innovative new drug) under relevant PRC drug registration laws and regulations. In particular, we synthesized and selected chemical compounds that may be suitable tyrosine kinases inhibitors. We completed over 60 experiments for selecting the optimal crystal form and over 20 experiments for selecting the optimal molecule form. We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021 subject to IND approval.

OT-503 (NCX 4251), an ophthalmic suspension of fluticasone propionate nanocrystals, is an innovative targeted topical treatment for acute exacerbations of blepharitis. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China. Our licensing partner Nicox had completed a Phase II trial in the United States in December 2019. PRC patents for OT-503 will expire in 2033. We plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. During the Track Record Period and up to the Latest Practicable Date, our R&D efforts to further develop OT-503 including evaluation of comparative advantages of OT-503 in the Chinese market and formulation of our registration plan. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-503 (NCX 4251)—Clinical Development Plan and Our R&D Work."

OT-701 (SJP-0133) is an intravitreal ranibizumab injection for the treatment of wet age-related macular degeneration, or wet AMD. Ranibizumab was developed by Genentech, Inc. and was approved by the FDA in 2006 and sold under the brand name Lucentis. Senju and GTS are developing SJP-0133 as a biosimilar to Lucentis. We understand that Senju and GTS have substantially completed a Phase III clinical trial for SJP-0133 in Japan to investigate the comparability of SJP-0133 and Lucentis, and expect to submit an NDA in Japan in due course in 2020. We plan to initiate a Phase I clinical trial in the second quarter of 2022 and a Phase III clinical trial in China in the second quarter of 2023. We believe a Phase II clinical trial is not required for OT-701 as a biosimilar drug. During the Track Record Period and up to the Latest Practicable Date, our R&D efforts to further develop OT-701 mainly include formulation of a clinical trial plan based on our analysis of the clinical trial data in Japan, differences in clinical characteristics between Chinese and Japanese patient populations, and the use of Lucentis in China. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-701 (SJP-0133)—Clinical Development Plan and Our R&D Work."

Commercial-Stage and Near Commercial-Stage Assets

Ou Qin (0.3% Hyaluronic Acid) is an NMPA-approved hyaluronic acid eye drop to treat dry eye. It has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging) and potentially an improved safety profile compared to similar drugs as it is free of preservatives. We launched Ou Qin in April 2020.

Brimonidine tartrate eye drop is an NMPA-approved generic eye drop to treat open-angle glaucoma and ocular hypertension. We launched brimonidine tartrate eye drop in March 2020.

0.5% moxifloxacin eye drop is an antibiotic eye drop to treat bacterial conjunctivitis. We submitted an abbreviated NDA for 0.5% moxifloxacin eye drop to the NMPA in January 2020 and are expecting approval in the first half of 2021. We plan to launch 0.5% moxifloxacin eye drop rapidly upon approval.

Preclinical-Stage Drug Candidates

OT-601-C is a moxifloxacin-dexamethasone sodium phosphate eye drop for the treatment of postoperative inflammation. OT-601-C includes both the antibiotic moxifloxacin and the anti-inflammatory dexamethasone. Moxifloxacin has a broad spectrum of action and high tissue concentration. It also has lower bacteria resistance rate than certain commonly used antibiotic drugs, such as tobramycin.

OT-302 is an acetazolamide injection for the treatment of acute glaucoma and for reducing high intraocular pressure prior to anti-glaucoma surgeries and other intraocular surgeries. Acetazolamide is a potent carbonic anhydrase inhibitor which effectively controls the secretion of aqueous humor.

OT-1301 is a cyclosporine implant used to prevent transplant rejection after keratoplasty, or corneal transplant surgery. It is implanted into the anterior chamber angle at the end of keratoplasty. We may also consider investigating the effect of OT-1301 on treating dry eye.

OT-1601 and OT-1602 are stem cell therapies that we plan to develop with SanBio pursuant to our development and commercialization agreement for the treatment of retinitis pigmentosa and dry AMD in the former case and acute optic neuritis in the latter case.

OUR STRENGTHS

We believe the following strengths have contributed to our success:

- a China-based ophthalmic pharmaceutical total solution platform;
- comprehensive, innovative and validated ophthalmic drug portfolio including commercial-ready drugs;
- four advanced-stage, first/best-in-class ophthalmic drug candidates with significant near-term revenue potential;

- strong execution capabilities underlying successful track record of delivering world-class products to ophthalmic patients in China; and

- visionary CEO and management, renowned advisors and industry-leading investors.

OUR STRATEGIES

Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. To achieve this vision, we plan to pursue the following strategies:

- advance clinical development and commercialization of advanced-stage drug candidates, including OT-401, OT-101, OT-301, OT-1001 and OT-502;

- commercialize the commercial-/near commercial-stage assets, including Ou Qin, brimonidine tartrate eye drop and 0.5% moxifloxacin eye drop;

- initiate clinical trials for drug candidates with proof of concept and advance them to clinical trial stage in the midterm future;

- further expand drug portfolio through in-licensing, internal discovery and acquisition;

- continue to build commercialization capabilities in anticipation of product launches, and build our own highly focused and specialized commercial team, comprising dedicated sales force for each product;

- establish an industry-leading, dedicated ophthalmic pharmaceutical manufacturing facility; and

- maximize the global value of our drug candidates, selectively advance clinical trials and apply for NDAs outside China, and strategically seek global out-licensing opportunities.

COLLABORATION AND LICENSE ARRANGEMENTS

In-licensing

EyePoint. In November 2018 and January 2020, we entered into exclusive license agreements with EyePoint, under which EyePoint granted us exclusive rights to import, develop and commercialize OT-401 (YUTIQ) and OT-502 (DEXYCU), respectively, in the Greater China region. Pursuant to related supply and quality agreements, EyePoint will be the exclusive supplier of YUTIQ and DEXYCU to meet our clinical development and commercialization needs of YUTIQ and DEXYCU in the Greater China region. Our right to manufacture YUTIQ and DEXYCU is limited to the right to package and label the finished product supplied by EyePoint. EyePoint has also retained the right to manufacture YUTIQ and DEXYCU in the Greater China region for commercialization outside of the Greater China region and to use or license certain of its intellectual property to develop and commercialize products other than YUTIQ and DEXYCU. In March 2019, we entered into a Memorandum of Understanding with EyePoint, pursuant to which EyePoint is obliged to supply YUTIQ for the Boao Pilot Zone use. We believe that we are well positioned to be the "go to" China partner for EyePoint due to our China-based ophthalmic pharmaceutical platform and our strong management and execution capabilities. See "Business—Our Strengths—Strong execution capabilities underlying successful track record of delivering world-class products to ophthalmic patients in China" and "Business—Our Strengths—Visionary CEO and management, renowned advisors and industry-leading investors."

Nicox. In December 2018, March 2019 and June 2019, we entered into exclusive license agreements with Nicox, under which Nicox granted us exclusive rights to develop, make, have made, import, export and sell OT-301 (NCX 470), OT-1001 (ZERVIATE) and OT-503 (NCX 4251), respectively. We were granted exclusive rights in the Greater China region for all three drug candidates, and, for NCX 470 and ZERVIATE, we were also granted exclusive rights in certain other Asian countries.

Senju and GTS. In January 2019, we entered into an exclusive license agreement with Senju and GTS, under which we were granted exclusive rights to develop and commercialize OT-701 (SJP-1033) in the Greater China region.

Sanbio. In March 2020, we entered into a collaboration and license agreement with SanBio, under which SanBio granted us an exclusive license to research, develop and commercialize OT-1601 and OT-1602 in the Greater China region.

Acquisition and Other Collaboration

Huonland. In December 2019, we entered into a hyaluronic acid eye drop technology transfer agreement with Huonland, under which Huonland agreed to transfer all its rights to 0.8 mL dose hyaluronic acid eye drop of 0.3% concentration, to us. In February 2020, we entered into an exclusive sales agency agreement with Huonland, under which Huonland agreed to grant us an exclusive sales right to its brimonidine tartrate eye drops in China for a term of five

years. In January 2019, we entered into a manufacturing outsourcing agreement with Huonland, under which we agreed to outsource the manufacturing of 0.5% moxifloxacin eye drop to Huonland for a term of at least five years commencing from the date we receive NDA approval for 0.5% moxifloxacin eye drop.

Our license agreements typically have no definitive expiration dates and will continue to be in full force and effect so long as we choose to continue to commercially exploit the relevant licenses, which are in line with industry norms according to Frost & Sullivan. Our licensing arrangements were reached after arm's-length negotiations between licensing partners and us, which in the view of our Directors and according to Frost & Sullivan, are in line with industry norms. We will effectively be able to enjoy the benefits of the licenses during the periods we consider commercially meaningful. For details, see "Business—Collaboration and License Arrangements."

RECENT DEVELOPMENTS

In January 2020, we entered into an exclusive license agreement with EyePoint for DEXYCU. In March 2020, we entered into a collaboration and license agreement with Sanbio for the development and commercialization of OT-1601 and OT-1602. Additionally, we submitted an abbreviated NDA for 0.5% moxifloxacin eye drops to the NMPA in January 2020, and are expecting approval in the first half of 2021. We entered into an exclusive sales agreement with Huonland for brimonidine tartrate eye drop in February 2020, and we launched brimonidine tartrate eye drop and Ou Qin in March and April 2020, respectively. Furthermore, we enrolled additional patients for the bridging Phase III clinical trial of OT-401. As of the Latest Practicable Date, we had enrolled 29 patients. Additionally, in January 2020, ground was broken on our dedicated ophthalmic pharmaceutical manufacturing facility in Suzhou, Jiangsu Province.

Impact of the COVID-19 Outbreak

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand across the PRC and globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns.

Although we experienced a delay in screening patients for the ongoing Phase III clinical trial of OT-401 due to travel restrictions implemented to contain the spread of COVID-19, we had not experienced any early or unexpected termination of treatment or removal of any enrolled patients under the trial. We implemented a risk management plan to ensure that our subjects remain on the trial and that any information or assistance they need will be readily available. Specifically, as of the date of this document, 12 out of 29 subjects who have been enrolled into the trial were unable to return to the sites for follow-up evaluations during the outbreak of the COVID-19 pandemic due to travel restrictions, and we provided guidance for them to visit other qualified hospitals for such evaluations. Given that the 12 subjects visited other qualified hospitals for follow-up evaluations, all of them remain enrolled in the trial as

of the date of this document. As the travel restrictions have been relaxed as of the date of this document, we do not expect this situation to cause any material delay to the timeline of our clinical trials. We also suggested that the investigators contact the subjects on a weekly basis to confirm whether any adverse effects had occurred and we recorded such safety information in a timely manner. Our potential subjects were also actively contacted by the investigators to ensure that they could be screened and enrolled once individual travel could resume. As of the Latest Practicable Date, seven out of ten trial sites for OT-401 had resumed patient screening. Among the three remaining trial sites, (i) one has currently resumed patient screening, (ii) we expect the site in Wuhan to resume patient screening after further containment of the COVID-19 outbreak, and (iii) we expect the other one site to resume patient screening and enrollment no later than July 2020. We expect this situation to continue to improve with the containment of the COVID-19 outbreak and do not expect it to have any material long-term impact on the OT-401's ongoing Phase III trial or our business in general. The expected development progress of OT-401 has taken into account the COVID-19 outbreak. While the extent to which the COVID-19 outbreak will affect our operations cannot be accurately predicted at this stage, we have not experienced and do not expect significant financial damage or impact to our long-term commercial prospect from the COVID-19 outbreak. We cannot guarantee you, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. See "Risk Factors—Risks Relating to Our Operations—Our operations and business plans may be adversely affected by the COVID-19 pandemic."

We expect that our net loss for the year ending December 31, 2020 will increase as compared to that for the year ended December 31, 2019, primarily due to (i) an increase in workforce and stock-based compensation; (ii) continued expenses for product in-licensing and clinical development; and (iii) [**REDACTED**] expenses. In addition, we expect that loss on changes in fair value of financial liabilities at fair value through profit or loss will contribute a significant proportion of our net loss for the year ended December 31, 2020, but will cease upon [**REDACTED**].

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) licensors from which we obtained intellectual property rights in respect of our in-licensed drug candidates; (ii) CROs; and (iii) suppliers of other materials for research and development activities, machines and equipment. In general, we select our suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards. During the Track Record Period, we did not procure raw materials or equipment for commercial manufacturing because the construction of the Suzhou manufacturing facility had not been commenced as of December 31, 2019. In 2018 and 2019, our purchases from our five largest suppliers in the aggregate accounted for 56.5% and 92.8% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 21.7% and 55.4% of our total purchases, respectively. During the Track Record Period, we had a small number of suppliers, and the largest purchase amounts related to upfront payments for drug in-licensing and

acquisition arrangements, which were customary in industry practice and not recurring in nature. See "Risk Factors—Risks Relating to Our Reliance on Third Parties—We had a limited number of suppliers during the Track Record Period."

Specifically, we engage industry-leading CROs to manage, conduct and support our preclinical research and clinical trials. We select CROs based on various factors, such as professional qualifications, research experience, industry reputation, adequacy of clinical trial equipment and data management system. We choose CROs based on their ability to facilitate site selection, timely recruit patients and conduct complex clinical trials efficiently. We generally enter into a general service agreement with a CRO for clinical trial management services under which we execute separate work orders for each clinical development project. To ensure the performance of these CROs in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies, we closely supervise these CROs.

OUR CUSTOMER

During the Track Record Period, we had only one customer, the designated procurement agent for Boao Super Hospital, where patients received treatment with YUTIQ. We sold OT-401 (YUTIQ) to this customer in the Boao Pilot Zone in Hainan Province, taking advantage of favorable policies to import foreign drugs not yet approved in China for urgent medical needs. For details, see "Business—Our Portfolio—Advanced-Stage Drug Candidates—OT-401 (YUTIQ)—Boao Pilot Program."

COMMERCIALIZATION

The commercialization of our drug candidates is critical to our future success. As of December 31, 2019, we had a commercialization team of 14 employees. As of the Latest Practicable Date, our commercialization team had 46 employees. Members of our commercialization team have strong experience in the commercialization of ophthalmic drug products, and we believe we will be able to commercialize our drug products effectively. Specifically, we launched brimonidine tartrate eye drop and Ou Qin in March and April 2020, respectively. In anticipation of launch of our late-stage drug candidates, we are expanding our sales team and plan to have about 100 members across China by 2021.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the 6 Dimensions Entities will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company and will be our Controlling Shareholders as defined under the Listing Rules upon [**REDACTED**]. See "Relationship with Controlling Shareholders" in this document.

OUR PRE-[REDACTED] INVESTORS

Our Company underwent several rounds of Pre-[**REDACTED**] Investments since our establishment. Our major Pre-[**REDACTED**] Investors include top-tier global and Chinese institutional investors and biotech-focused investment funds, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management. For details of our Pre-[**REDACTED**] Investments, please see the section headed "History, Restructuring and Corporate Structure—Pre-[**REDACTED**] Investments."

SHARE INCENTIVE SCHEMES

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, our Company adopted the Employee Stock Option Plan on May 23, 2018 and the RSU Scheme on April 28, 2020. As of the Latest Practicable Date, options to subscribe for an aggregate of 60,328,890 Shares (as adjusted after the Share Subdivision), representing [**REDACTED**]% of the total issued share capital of the Company immediately following the Share Subdivision and [**REDACTED**] (assuming the [**REDACTED**] is not exercised), had been granted to 41 grantees under the Employee Stock Option Plan. Pursuant to the RSU Scheme, an aggregate of 2,400,000 underlying shares (before the Share Subdivision) were issued to Coral Incentivization, representing an aggregate of [**REDACTED**]% of the total issued share capital of our Company immediately following the Share Subdivision and the [**REDACTED**] (assuming no exercise of the [**REDACTED**]). As of the Latest Practicable Date, our Company had granted RSUs representing 2,286,692 shares (before the Share Subdivision) upon vesting to 74 grantees under the RSU Scheme. For details and principal terms of the Employee Stock Option Plan and the RSU Scheme, please see "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV to this document.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Expenses

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Revenue	–	190
Cost of sales	–	(10)
Gross profits	–	180
Other income	25	3,877
Other gains and losses	(159,977)	(1,170,347)
Selling expenses	–	(2,479)
Research and development expenses	(40,679)	(99,464)
Administrative expenses	(8,769)	(57,185)
Finance costs	(5)	(63)
Loss before tax	(209,405)	(1,325,481)
Income tax expense	–	–
Loss and total comprehensive expenses for the period/year	(209,405)	(1,325,481)
Non-IFRS adjusted net loss for the period/year[(1)]	(46,988)	(82,430)

Note:

(1) Non-IFRS adjusted net loss for the period/year was calculated by taking loss and total comprehensive expenses for the period/year and adding back (i) fair value loss of financial liabilities at FVTPL and (ii) share-based payment expenses. Non-IFRS adjusted net loss for the period/year is not a measure required by or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of such non-cash items (and, for fair value loss of financial liabilities at FVTPL, also an item that pertains to financial instruments that will cease upon [**REDACTED**]) that our management considers to be not indicative of our operating performance and provides useful information to investors and others in evaluating our operating results in the same manner of our management. The use of non-IFRS adjusted net loss for the period/year has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. See "Financial Information—Non-IFRS Measure." The following table reconciles our non-IFRS adjusted net loss for the period/year with our loss and total comprehensive expenses for the period/year, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Period ended December 31, 2018	**Year ended December 31, 2019**
	(RMB in thousands)	
Loss and total comprehensive expenses for the period/year	(209,405)	(1,325,481)
Add		
Fair value loss of financial liabilities at FVTPL	158,736	1,196,248
Share-based payment expenses	3,681	46,803
Non-IFRS adjusted net loss for the period/year	(46,988)	(82,430)

Our loss and total comprehensive expenses increased from RMB209.4 million in 2018 to RMB1,325.5 million in 2019. The increase in net losses was primarily attributable to an increase of RMB1,037.5 million in fair value loss of financial liabilities at FVTPL as a result of the issuance of Preferred Shares and Share Purchase Option (as defined in note 23 to the Accountants' Report set out in Appendix I to this document), and the increase in company valuation and probability of the [**REDACTED**]. The Share Purchase Option was exercised on September 18, 2019. The Preferred Shares will automatically convert into Shares upon [**REDACTED**], at which time we expect to record them as equity. Due to the issuance of Preferred Shares and the grant of Share Purchase Option, and subsequent recognition of fair value loss of financial liabilities at FVTPL, our results of operations were adversely affected during the Track Record Period. We expect to continue to recognize fair value loss of financial liabilities at FVTPL and we may still retain accumulated losses since December 31, 2019 and up to the [**REDACTED**] and, as a result, our financial performance after the Track Record Period may be adversely affected.

Summary of Consolidated Statements of Financial Position

	As of December 31,	
	2018	**2019**
	(RMB in thousands)	
Total non-current assets	1,626	27,704
Total current assets	92,996	1,261,993
Total assets	94,622	1,289,697
Total current liabilities	4,054	39,435
Total non-current liabilities	867,872	3,318,750
Total liabilities	871,926	3,358,185
Net current assets	88,942	1,222,558
Share capital	2	4
Reserves	(821,098)	(2,068,492)
Equity attributable to owners of the Company	(821,096)	(2,068,488)
Non-controlling interests	43,792	–
Total Deficits	(777,304)	(2,068,488)

We recorded total deficits of RMB777.3 million and RMB2,068.5 million as of December 31, 2018 and 2019, respectively, primarily due to the issuance of Preferred Shares and the Share Purchase Option. The Share Purchase Option was exercised on September 18, 2019. The Preferred Shares will automatically convert into Shares upon [**REDACTED**], at which time we expect to record them as equity and, accordingly, turn into a net asset position. For risks relating to the fair-value changes in our Preferred Shares and the Share Purchase Option, please refer to "Risk Factors—Risk Relating to Our Financial Position and Need for Additional Capital—Our results of operations, financial condition and prospects may be adversely affected by fair-value changes in our Preferred Shares and the Share Purchase Option at fair value through profit or loss."

Summary Consolidated Statements of Cash Flows

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Operating cash flow before movements in working capital	(45,703)	(108,948)
Total movements in working capital	2,353	860
Net cash used in operating activities	(43,350)	(108,088)
Net cash used in investing activities	(66,660)	(979,917)
Net cash from financing activities	136,981	1,241,625
Net increase in cash and cash equivalents	26,971	153,620
Cash and cash equivalents at beginning of the period/year	–	25,629
Effects of exchange rate changes	(1,342)	13,155
Cash and cash equivalents at the end of the period/year	25,629	192,404

During the Track Record Period, we incurred negative net cash flows from operations, substantially due to our research and development expenses. During the Track Record Period, we relied on equity financing as the major source of liquidity. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Although we had cash outflow from operating activities and recorded deficit position and net losses throughout the Track Record Period, as our business develops, we expect to generate more cash flow from operations, through launching and commercializing products, such as Ou Qin and brimonidine tartrate eye drop, which we launched in April 2020 and March 2020, respectively. The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, business development and marketing expenses and administrative and operating costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. Assuming an average cash burn rate going forward of 4.5 times the level in 2019, we estimate that our cash and cash equivalents and short-term investments (including time deposit over three months and other financial assets) as of December 31, 2019 will be able to maintain our financial viability for 30.0 months or, if we take into account 10% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), 33.7 months or, if we also take into account the entire amount of the estimated net [**REDACTED**] from the [**REDACTED**], 67.3 months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIO

Our current ratio, which represents current assets divided by current liabilities, was 22.9 and 32.0 as of December 31, 2018 and 2019, respectively. For further details, see "Financial Information—Key Financial Ratio."

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has completed and [**REDACTED**] new Shares are [**REDACTED**] pursuant to the [**REDACTED**]; (ii) [**REDACTED**] Shares are [**REDACTED**] and outstanding following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account the Shares to be issued upon the exercise of the options granted under the Employee Stock Option Plan.

	Based on an [REDACTED] of HK$[REDACTED]	**Based on an [REDACTED] of HK$[REDACTED]**
Market capitalization of our Shares[(1)]	**[REDACTED]**	**[REDACTED]**
Unaudited *pro forma* adjusted consolidated net tangible liabilities per Share[(2)]	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The calculation of the market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**], without taking into account the Shares to be issued upon the exercise of the options granted under the Employee Stock Option Plan.

(2) The unaudited *pro forma* adjusted net tangible asset per Share as at December 31, 2019 is calculated after making the adjustments referred to in Note 3 of Appendix II. For further details, please refer to the section headed "Appendix II—Unaudited Pro Forma Financial Information" in this document.

DIVIDENDS

We are a holding company incorporated in the Cayman Islands. We have never declared or paid any dividends on our ordinary shares or Preferred Shares. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. We currently intend to retain all available funds and any future earnings, if any, to fund the research and development of our drug candidates and we do not anticipate paying any cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial conditions and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not

exceed the amount recommended by our Board. As advised by our Cayman Islands counsel, under the Cayman Islands law a company may declare and pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. [**REDACTED**] should not purchase our Shares with the expectation of receiving cash dividends. See "Financial Information—Dividend."

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] in this document.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-401, our Core Product;

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for our other drug candidates;

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for the acquisition of the manufacturing facility in Suzhou pursuant to our cooperation agreement with the local government; and

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for our working capital and other general corporate purposes.

See "Future Plans and Use of [**REDACTED**]" for details.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in "Risk Factors" in this document. Some of the major risks we face include:

- We have incurred significant operating losses since our inception, and may continue to incur operating losses for the foreseeable future and may never become profitable. As a result, you may lose substantially all of your [**REDACTED**] in us if our business fails.

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

- We expect to rely on third parties (including our licensing partners) to supply drug candidates or raw materials for manufacturing our future approved drugs, and our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

- We may rely on third parties (including our licensing partners) to manufacture or import our clinical and commercial drug supplies, and our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

- If we fail to comply with our obligations in the license agreements or otherwise experience disruptions to our business relationships with our licensing partners, we could be required to pay monetary damages or could lose license rights that are important to our business.

- We rely on third parties to conduct our preclinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

- We may be unable to successfully complete clinical trials, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so.

- The research and development of our drug candidates involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. You may lose all or part of your [**REDACTED**] in us if our research and development fails.

- Our future approved drugs 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 encounter difficulties enrolling patients in our clinical trials, our clinical trials could be delayed or otherwise adversely affected.

- If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), assuming no exercise of the [**REDACTED**]. Among such expenses, nil was recognized and charged to our consolidated statements of profit or loss in 2018 and 2019. After December 31, 2019, approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

In this document, 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 document.

DEFINITIONS

"3W Partners"	3W Partners Fund II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on June 7, 2017 and a Pre-[**REDACTED**] Investor
"6 Dimensions Affiliates"	6 Dimensions Affiliates Fund, L.P., a limited partnership established under the laws of Cayman Islands on October 25, 2017 and one of our Controlling Shareholders
"6 Dimensions Capital"	6 Dimensions Capital, L.P., a limited partnership established under the laws of Cayman Islands on August 16, 2017 and one of our Controlling Shareholders
"6 Dimensions Entities" or "6 Dimensions"	6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions, the Controlling Shareholders of our Company
	[**REDACTED**]
"Articles of Association" or "Articles"	articles of association of our Company conditionally adopted on [●] and effective on the [**REDACTED**], as amended from time to time, a summary of which is set out in "Appendix III—Summary of the Constitution of our Company and Cayman Companies Law" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Boao Pilot Program"	a pilot examination and approval mechanism, approved by the State Council and implemented in Boao Lecheng International Medical Tourism Pilot Zone, Hainan Province, to import drugs that are not approved in China for urgent medical needs
"Board"	the board of directors of our Company

"Boyu"	Boyu Capital Group Management Ltd., the management company of Boyu Capital Fund IV, L.P., which is the sole shareholder of Summer Iris Limited, a Pre-[**REDACTED**] Investor
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China" or the "PRC"	the People's Republic of China, excluding, for the purposes of this document and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622) of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of Hong Kong, as amended, supplemented or otherwise modified from time to time

"Company"	Ocumension Therapeutics (歐康維視生物), a company incorporated under the laws of the Cayman Islands with limited liability on February 27, 2018
"Compliance Adviser"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to the 6 Dimensions Entities
"Coral Incentivization"	Coral Incentivization Limited, a business company incorporated in the BVI with limited liability on March 31, 2020
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this document, our Core Product refers to OT-401 (YUTIQ)
"Cormorant Asset Management"	our Pre-[**REDACTED**] investors under the management of Cormorant Asset Management, LP, an investment adviser registered with the United States Securities and Exchange Commission, including Cormorant Private Healthcare Fund II, LP, Cormorant Global Healthcare Master Fund, LP and CRMA SPV, L.P.
"COVID-19"	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
"Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"dual source innovation strategy"	our strategy to procure innovative drug assets through two sources, being in-licensing or acquisition on the one hand and internal research and development on the other hand

"Employee Stock Option Plan"	the employee stock option plan adopted by our Company on May 23, 2018, as amended from time to time, the principal terms of which are set out in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. Employee Stock Option Plan" to this document
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"EyePoint"	EyePoint Pharmaceuticals, Inc., formerly known as pSivida Corp., a biotech company incorporated under the laws of Delaware, the United States on March 19, 2008, one of our licensing partners whose shares are listed on the Nasdaq Stock Market (ticker symbol: EYPT)
"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 commissioned by us and prepared by Frost & Sullivan for the purpose of this document
"General Atlantic"	General Atlantic Singapore OT Pte. Ltd, a private company limited by shares incorporated under the laws of Singapore on July 9, 2018 and a Pre-[**REDACTED**] Investor
	[**REDACTED**]
"Greater China"	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
	[**REDACTED**]
"Group"	our Company and all of its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

"GTS"	Gene Techno Science Co., Ltd., a corporation incorporated under the laws of Japan on March 1, 2001, one of our licensing partners whose shares are listed on the Tokyo Stock Exchange (stock code: 4584)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Huonland"	Beijing Huonland Pharmaceutical Co., Ltd. (北京匯恩蘭德製藥有限公司), a limited liability company established under the laws of the PRC on August 3, 2012 and one of our licensing partners
"Independent Third Party(ies)"	party or parties that, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are not a connected person or connected persons of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	Morgan Stanley Asia Limited and Goldman Sachs (Asia) L.L.C.
"Latest Practicable Date"	June 19, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"M&A Rules"	Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》), which were jointly promulgated by MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAIC, the CSRC, and the SAFE on August 8, 2006, and came into effect on September 8, 2006 and subsequently amended on June 22, 2009, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange

"Memorandum of Association"	memorandum of association of our Company conditionally adopted on [●] to take effect on the [**REDACTED**], as amended from time to time, a summary of which is set out in "Appendix III—Summary of the Constitution of our Company and Cayman Companies Law" to this document
"Nicox"	Nicox S.A., a corporation incorporated under the laws of France on February 15, 1996, one of our licensing partners whose shares are listed on the Euronext exchange (ticker symbol: COX)
"Ocumension Hong Kong"	Ocumension (Hong Kong) Limited (歐康維視生物醫藥(香港)有限公司), a company incorporated under the laws of Hong Kong on March 7, 2018 and one of the Company's subsidiaries
"Ocumension Shanghai"	Ocumension Therapeutics (Shanghai) Co., Ltd. (歐康維視生物醫藥(上海)有限公司), a company established under the laws of the PRC on May 25, 2018 and one of the Company's subsidiaries
"Ocumension Suzhou"	Suzhou Ocumension Biotech Co., Ltd. (蘇州歐康維視生物科技有限公司), a company established under the laws of the PRC on February 11, 2020 and one of the Company's subsidiaries
"Ocumension Zhejiang"	Ocumension (Zhejiang) Therapeutics Co., Ltd. (歐康維視(浙江)醫藥有限公司), a company established under the laws of the PRC on May 11, 2020 and one of the Company's subsidiaries

[**REDACTED**]

[**REDACTED**]

"Pre-[**REDACTED**] Investment(s)"	the pre-[**REDACTED**] investment(s) in our Company, the details of which are set out in the section headed "History, Restructuring and Corporate Structure—Pre-[**REDACTED**] Investments"
"Pre-[**REDACTED**] Investor(s)"	the investors of Pre-[**REDACTED**] Investments
"Preferred Shares"	the Series A Preferred Shares and the Series B Preferred Shares

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"RSU Scheme"	the restricted share unit scheme approved by the board of directors of the Company, the details of which are set out in "Statutory and General Information—D. Share Incentive Schemes—2. RSU Scheme" in Appendix IV to this document
"Rule 144A"	Rule 144A under the U.S. Securities Act

"SAFE Circular 37"	State Administration of Foreign Exchange Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
"Series A Investors"	holder(s) of the Series A Preferred Shares
"Series A Preferred Shares"	the series A preferred shares with a par value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series A Investors during the Pre-[**REDACTED**] Investments, or the series A preferred shares with a par value of US$0.00001 per share held by the Series A Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure—Pre-[**REDACTED**] Investments"
"Series B Investors"	holder(s) of the Series B Preferred Shares
"Series B Preferred Shares"	the series B preferred shares with a par value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series B Investors during the Pre-[**REDACTED**] Investments, or the series B preferred shares with a par value of US$0.00001 per share held by the Series B Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure—Pre-[**REDACTED**] Investments"
"Senju"	Senju Pharmaceutical Co., Ltd., a corporation incorporated under the laws of Japan on April 9, 1947 and one of our licensing partners
"Share(s)"	ordinary shares in the share capital of our Company of US$0.00001 each

"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with par value of US$0.00001 each on [●], the details of which are set out in "History, Restructuring and Corporate Structure—Share Subdivision and Share Conversion"
"Shareholder(s)"	holder(s) of our Share(s)
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange and refers to Summer Iris Limited, TLS Beta Pte. Ltd., General Atlantic Singapore OT Pte. Ltd., Southern Creation Limited and 3W Partners Fund II, L.P.
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou 6 Dimensions"	Suzhou 6 Dimensions Venture Capital Partnership L.P. (蘇州通和毓承投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 4, 2017 and one of our Controlling Shareholders
"Suzhou Frontline II"	Suzhou Frontline BioVentures Venture Capital Fund II L.P. (蘇州通和二期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 8, 2016 and one of our Controlling Shareholders
"Temasek"	Temasek Holdings Pte. Ltd., a company established under the laws of Singapore on June 25, 1974 and the sole shareholder of a Pre-[**REDACTED**] Investor, TLS Beta Pte. Ltd.

"Track Record Period"	the period ended December 31, 2018 and the financial year ended December 31, 2019

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended

[**REDACTED**]

"WuXi AppTec"	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a joint stock company with limited liability incorporated in the PRC and whose shares are listed on the Stock Exchange (stock code: 2359) and Shanghai Stock Exchange (stock code: 603259), an Independent Third Party, and, where the context so requires, any of its subsidiaries and affiliates

[**REDACTED**]

ACRONYMS

"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

[**REDACTED**]

"CDE"	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CEO"	chief executive officer
"CFDA"	the China Food and Drug Administration (國家食品藥品監督管理總局)
"CMDE"	the Center for Medical Device Evaluation of NMPA (國家藥品監督管理局醫療器械技術評審中心), a division of the NMPA mainly responsible for the evaluation and approval of medical devices
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"EMA"	European Medicines Agency
"EU"	European Union
"FDA"	the United States Food and Drug Administration
"FVTPL"	fair value through profit or loss
"IFRS"	International Financial Reporting Standards
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"NRDL"	the National Reimbursement Drug List (國家醫保藥品目錄)

"NMPA"	the National Medical Products Administration (國家藥品監督管理局), the successor of the CFDA, the SFDA and the State Drug Administration (國家藥品監督管理局), or SDA
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"PCT"	the Patent Cooperation Treaty
"QIB"	qualified institutional buyer within the meaning of Rule 144A
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), the successor of the SAIC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFDA"	the State Food and Drug Administration (國家食品藥品監督管理局)
"SFO"	the Securities and Futures Ordinance (Chapter 571) of Hong Kong, as amended, supplemented or otherwise modified from time to time
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions. References to "we" are to our Company or our Group, as the context may require. "%" refers to per cent.

GLOSSARY OF TECHNICAL TERMS

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

"abbreviated NDA"	abbreviated new drug application, an application for a generic drug to an approved drug
"acetazolamide"	a drug that inhibits the activity of carbonic anhydrase, a type of enzyme that helps regulate pH and fluid balance. Acetazolamide is used in the treatment of glaucoma and in the prevention of acute mountain sickness
"AE"	adverse event, any untoward medical occurrence in a patient or clinical trial subject associated with the use of a drug or other therapy
"agonist"	a drug or other substance that activates a receptor to produce a specific physiological effect
"allergen"	a substance that causes an allergic reaction
"AMD"	age-related macular degeneration, a disease that causes damage to the macula and leads to progressive loss of central vision
"anterior chamber"	the front part of the eye between the cornea and the iris
"anticholinergic"	a group of substances that block the action of acetylcholine, a kind of neurotransmitter, in the nervous system
"antihistamine"	a synthetic drug that suppresses the activity of histamine, a substance present in tissues as a mediator of allergic reactions. Antihistamine is often used to treat allergic rhinitis and other allergies
"anti-VEGF drug"	a drug that suppresses the activity of VEGF
"aqueous humor"	a transparent watery fluid that fills both the anterior and posterior chambers of the eye
"arachidonic acid"	unsaturated fatty acid that occurs in most animal fats and is considered essential in animal nutrition

GLOSSARY OF TECHNICAL TERMS

"asthma"	a chronic lung disorder that is marked by recurring episodes of reversible airway obstruction manifested by labored breathing accompanied especially by wheezing and coughing and by a sense of constriction in the chest
"atropine"	atropine or atropine sulfate, a medication used to treat certain types of nerve agent poisonings and certain types of slow heart rates
"beta-blocker"	any of a class of drugs that decrease the rate and force of heart contractions and lower high blood pressure by blocking the activity of beta-receptors in the nervous system
"bimatoprost"	a type of PGA used to treat increased intraocular pressure, sold under the trade name Lumigan
"biosimilar"	a drug which is designed to have the same amino acid sequence and the equivalent (but not identical or clinically better) active properties as compared to, and which is not necessarily clinically interchangeable with, the reference drug
"biosynthesis"	the production of a complex chemical compound from simpler precursors in a living organism
"blepharitis"	a disease characterized by the inflammation of the margin of the eyelids
"bridging trial"	a supplemental trial performed in a new region to provide clinical data on efficacy, safety and dosage, which allows for the extrapolation of foreign clinical data to the population in the new region
"brimonidine"	a drug indicated for lowering intraocular pressure in open-angle glaucoma
"CAC"	conjunctival allergen challenge, a conjunctival provocation test that evaluates the efficacy of anti-allergic agents by instilling allergens on the ocular surface
"capillary"	any of the minute blood vessels that form networks throughout the bodily tissues

"carbonic anhydrase"	a class of enzymes that catalyze the interconversion between carbon dioxide and water and the dissociated ions of carbonic acid, thereby helping regulate pH and fluid balance
"cataract"	a dense, cloudy area that forms in the lens of the eye which leads to vision loss
"cetirizine"	cetirizine hydrochloride, a second-generation of antihistamine that binds competitively to histamine receptor sites to reduce swelling, itching, and vasodilation with better safety and efficacy
"chronic NIU-PS"	chronic non-infectious uveitis affecting the posterior segment of the eye
"CMC"	chemistry, manufacturing and controls, a process which mainly includes defining a drug product's characteristics, formulation development and product testing to ensure that the product is safe, effective and consistent between batches
"CMO"	contract manufacturing organization, a company that manufactures drug products for pharmaceutical companies on a contract basis
"collagen"	a family of proteins that are the primary structural component of connective tissues, such as skin and cartilage
"confirmatory clinical phase III trial"	a phase III clinical trial which is generally used to provide additional or firm evidence of efficacy or safety, and an active control is required. Additionally, confirmatory clinical phase III trial also evaluates the efficacy of a drug candidate in comparison with currently available drugs. In China, a confirmatory clinical phase III trials is usually suggested by the CDE as part of a bridging study to compare the efficacy and safety of an in-licensed drug candidate against currently available drugs in China.
"conjunctival epithelium"	non-keratinized, stratified layer that together with the corneal epithelium provides stability to the tear film

GLOSSARY OF TECHNICAL TERMS

"conjunctival hyperemia"	conjunctival reaction that appears as dilation and redness of the conjunctival vessels
"conjunctivitis"	a disease characterized by the inflammation of the conjunctiva, the membrane which lines the inner surface of the eyelids and covers the surface of the eyeball
"cornea"	the transparent part of the coat of the eyeball that covers the iris and pupil and admits light to the interior
"corticosteroid"	a class of steroid hormones that are produced by the adrenal cortex, a part of the adrenal gland
"CRO"	contract research organization, a company that provides support to pharmaceutical companies by providing a range of professional research services on a contract basis
"cyclosporine"	a drug that suppresses the immune system and is used especially to prevent rejection of transplanted organs
"cytokines"	small secreted proteins released by cells that have a specific effect on the interactions and communications between cells
"D"	the degree of myopia
"degranulation"	immediate response of tissue mast cells to wounding, releasing preformed mediators into the local connective tissue which results in the recruitment of cellular and soluble effectors
"demodex"	a parasitic mite that infests the hair follicles and skin of humans and domestic animals
"dermatology"	a branch of science dealing with the skin, its structure, functions and diseases
"dexamethasone"	dexamethasone or dexamethasone sodium phosphate, a synthetic steroid hormone used especially as an anti-inflammatory agent
"DME"	diabetic macular edema, a complication of diabetes that causes damage to the macula

GLOSSARY OF TECHNICAL TERMS

"double-masked clinical trial"	a type of clinical trial in which neither the participants nor the research team know which treatment a specific participant is receiving, which helps prevent bias or expectations from influencing the results of the study
"dry eye"	a condition associated with inadequate tear production and marked by redness, itching and burning of the eye
"edema"	swelling that occurs when too much fluid becomes trapped in the tissues of the body
"emedastine"	a second-generation antihistamine used in eye drops to alleviate the symptoms of allergic conjunctivitis
"endophthalmitis"	an infection of the tissues or fluids inside the eyeball
"epithelia"	tissues that line the outer surfaces of organs and blood vessels throughout the body, as well as the inner surfaces of cavities in many internal organs
"FA"	fluocinolone acetonide, a corticosteroid primarily used to reduce inflammation and relieve itching
"fibrin"	a blood component involved in the clotting process which can be used as a matrix for tissue engineering applications
"fibroblast"	a type of biological cell that synthesizes the extracellular matrix and collagen, produces the structural framework (stroma) for animal tissues, and plays a critical role in wound healing
"fluoroquinolone"	any of a class of synthetic antibiotics which are fluorinated quinolones, and which have broad-spectrum antibacterial activity and work by interfering with bacterial DNA synthesis
"fluticasone propionate"	a corticosteroid with anti-inflammatory properties
"generic drug"	a drug that is chemically identical to an original drug and is generally available in the same strength and dosage forms as the original

GLOSSARY OF TECHNICAL TERMS

"glaucoma"	a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, leading to a typical appearance of the optic disc and visual field damage if untreated
"glucocorticoid"	any of the steroid hormones produced in the adrenal cortex, a part of the adrenal gland, which are associated with carbohydrate metabolism
"GCP"	good clinical practice, a quality standard for conducting clinical trials
"GMP"	good manufacturing practice, a system for ensuring that products are consistently produced and controlled according to quality standards
"Grade II hospital"	a medium-sized city-, county- or district-level hospital in China with a bed capacity of 101 to 500
"Grade III hospital"	a large city-, provincial- or national-level hospital in China with a bed capacity exceeding 500
"gyrase"	any of a class of bacterial enzymes that catalyze the breaking and rejoining of bonds linking certain molecules in circular DNA
"H1"	histamine-1
"histamine"	a biologically active substance that is present in tissues as a mediator of allergic reactions
"hyaluronic acid"	sodium hyaluronate, a type of acid naturally produced by the human or animal body to keep tissues lubricated and moist
"hydrophilia"	a tendency to absorb fluid
"hyperosmolarity"	a condition where the solute concentration of the bodily fluid, which is the amount of solutes and particles that are dissolved in the bodily fluid, abnormally increases
"hypoxia"	a condition in which the body or a region of the body does not have adequate oxygen supply at the tissue level

GLOSSARY OF TECHNICAL TERMS

"IgE"	Immunoglobulin E
"IgG1"	immunoglobulin G1, a type of antibody in blood circulation that controls infections in the human body
"immuno-suppressant"	a class of drugs that suppress, or reduce, the strength of the body's immune system
"inciting agent"	a factor (as an infectious agent) that is the essential causative agent of a particular disease
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials. Also known as clinical trial application, or CTA, in China
"interleukin-4 cytokine"	a key cytokine in the development of allergic inflammation
"intravitreal implant"	a drug delivery system, injected or surgically implanted in the vitreous of the eye, for sustained release of drug to the posterior and intermediate segments of the eye
"IOP"	intraocular pressure
"iris"	a thin, annular structure in the eye, responsible for controlling the diameter and size of the pupil and thus the amount of light reaching the retina
"ITT population"	intent-to-treat population, a group of subjects in a clinical trial that are intended to represent suitable patients and to be reflective of the treatment outcome if the treatment is used in clinical practice
"keratoplasty"	a surgery for restoration of the cornea
"latanoprost"	a type of PGA used to treat increased intraocular pressure, sold under the trade name Xalatan
"leukocyte"	white blood cells
"leukotriene"	any of a group of arachidonic acids that participate in allergic responses

GLOSSARY OF TECHNICAL TERMS

"lipocortins"	also known as annexin, a group of proteins that suppress phospholipase A2
"macula"	an oval-shaped pigmented area near the center of the retina which is responsible for central, high-resolution, color vision
"macular edema"	a condition that occurs when blood vessels in the retina leak, which can cause permanent vision loss if untreated
"MAH"	marketing authorization holder, who is allowed to market a drug product within a certain region or country
"mast cells"	immune cells of the myeloid lineage which are present in connective tissues throughout the body
"mCNV"	myopic choroidal neovascularization, a complication of myopia, which causes the creation of new blood vessels in the choroid, a vascular membrane of the eyeball
"membrane phospholipid"	complex molecules that, like proteins, harbor functional groups known to coordinate copper ions
"muco-adhesion"	the adhesion between two materials, at least one of which is a mucosal surface
"moxifloxacin"	moxifloxacin or moxifloxacin hydrochloride, an antibiotic used to treat a number of bacterial infections
"MRCT"	multi-regional clinical trial, a clinical trial that is conducted in different regions under a common trial design for simultaneous global new drug development
"mucosa"	the membrane that covers the inside surface of organs
"myopia"	a refractive condition in which the image of distant objects is focused in front of, rather than on, the retina
"nanocrystal"	a nanoscale crystal
"NDA"	new drug application, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing

GLOSSARY OF TECHNICAL TERMS

"neurotransmitter"	a substance that transmits nerve impulse
"NIPU"	non-infectious posterior uveitis
"NO"	nitric oxide
"ocular hypertension"	an eye pressure of greater than 21 mm Hg
"off-label use"	medication which is being used in a manner not specified in the approved packaging label
"ophthalmology"	a branch of medical science dealing with the structure, functions and diseases of the eye
"optic nerve"	the nerve layer that lines the back of the eye and senses light and creates impulses to be transmitted to the vision centers of the brain
"orbital fibrosis"	a class of rare genetic disorders affecting one or more of the muscles that move the eyeballs
"osteoarthritis"	a joint disease characterized by destruction of articular cartilage, usually occurring among the elderly and causing pain and stiffness
"OTC drugs"	over-the-counter drugs, drugs that are sold directly to a consumer without a prescription
"pancreatitis"	a disease characterized by inflammation of the pancreas
"pathogenesis"	the mechanism whereby a disease is produced
"pediatric"	the branch of medicine that involves the medical care of infants, children and adolescents
"PGA"	prostaglandin analog, a class of drugs that bind to prostaglandin receptors
"phakic eye"	an eye containing a phakic intraocular lens, which is placed on top of the natural lens and is typically intended to correct refractive errors and treat myopia

GLOSSARY OF TECHNICAL TERMS

"Phase I clinical trial"	a 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"	a 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 drug for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial"	a study in which a drug is administered to an expanded patient population at geographically dispersed clinical trial sites to generate statistically sufficient data to evaluate the efficacy and safety of the drug for regulatory approval and to provide adequate information for the labeling of the product
"phosphate"	a compound derived from a phosphoric acid, usually a constituent of cereals, minerals and rocks
"phospholipase A_2"	an enzyme which releases fatty acids from glycerol
"photophobia"	aversion to or avoidance of light, especially as the result of discomfort caused by ocular disorders and certain neurological diseases
"photoreceptor"	a cell or group of cells capable of converting a visible light stimulus into an electrical signal in a nerve
"placebo"	a medical treatment or preparation with no specific pharmacological activity
"plasma cells"	a type of immune cells that make large amounts of a specific antibody
"preclinical research"	research that tests a drug candidate on non-human subjects to gather efficacy and safety information to decide whether the drug candidate is ready for clinical trials in human subjects

GLOSSARY OF TECHNICAL TERMS

"primary efficacy endpoint"	a clinical or laboratory outcome measured in an individual after randomization that allows one to test the primary hypothesis and provides the means of assessing whether a therapy is effective compared with its control
"prostaglandin"	any of a large group of fatty acids which have a wide variety of physiological effects, especially in the control of smooth muscle activity and in inflammatory responses
"pruritus"	the medical term for itch
"ptosis"	a drooping or falling of the upper eyelid
"pupil"	the opening in the iris through which light passes through to the lens
"pyrazole"	a compound whose molecule is an unsaturated five-membered ring containing adjacent nitrogen atoms
"quinolones"	any of a class of synthetic antibacterial drugs that inhibit the replication of bacterial DNA
"raceanisodamine"	a substance with the effect of muscle relaxation
"randomized clinical trial"	a study in which the participants are divided by chance into separate groups that compare different treatments or other interventions
"ranibizumab"	an antibody fragment that inhibits the growth of new blood vessels and is used for the treatment of wet AMD
"receptor antagonist"	a type of drug that blocks or dampens a biological response by binding to and blocking a receptor rather than activating it like an agonist
"renal neoplasm"	an abnormal mass of tissue in kidney that results when cells divide abnormally, forming a tumor
"retina"	a thin layer of tissue that lines the back of the eye on the inside
"rhinitis"	inflammation of the mucous membrane of the nose

"RVO"	retinal vein occlusion, a disease due to the blockage of the retinal vein, the blood vessel that drains the retina, which can lead to blurry vision or loss of vision
"SAEs"	serious adverse events, AEs that result in death, or is life-threatening, or require in-patient hospitalization or cause prolongation of existing hospitalization, or result in persistent or significant disability or incapacity, or is a congenital anomaly or birth defect
"sclera"	the dense fibrous opaque white outer coat enclosing the eyeball except the part covered by the cornea
"sham injection"	the injection of a placebo or agent that simulates a drug being administered in a clinical trial
"standard of care"	a treatment that is accepted and widely used by medical experts as a proper and standard treatment for a certain disease
"steroid"	a large class of natural or synthetic organic compounds characterized by a nucleus of 17 carbon atoms in the form of four fused rings, which includes many types of hormones and glycosides, and many of which have important pharmacological uses
"tachycardia"	a common type of heart rhythm disorder in which the heart beats faster than normal while at rest
"TEAE"	treatment-emergent adverse event, an undesirable event not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment
"tear film"	a thin fluid layer that covers the outer surfaces of the eye
"teratogenic risk"	risk that a certain substance could result in a baby being born with a birth defect
"Th2 cell"	T helper type 2 cell, a type of T cell that plays an important role in the immune system
"tonometry"	a procedure performed to determine the IOP

"topoisomerase"	any of a class of enzymes that reduce winding in DNA by breaking and rejoining one or both strands of the DNA molecule
"trabecular"	a small, often microscopic, tissue element in the form of a small beam, strut or rod that supports or anchors a framework of parts within a body or organ
"type 2 diabetes mellitus"	formerly known as adult-onset diabetes, a type of diabetes characterized by high blood sugar, insulin resistance and relative lack of insulin
"tyrosine kinase"	an enzyme that can transfer a phosphate group to a protein in a cell
"uveoscleral outflow"	drainage of ocular aqueous humor from the anterior chamber into the anterior chamber angle other than through the trabecular meshwork
"vasodilation"	the widening of blood vessels
"VEGF"	vascular endothelial growth factor, a signal protein produced by cells that stimulates the formation of blood vessels
"vehicle"	a vehicle control is used in studies in which a substance (*e.g.*, saline or mineral oil) is used as a vehicle for a solution of the experimental compound, and the supposedly innocuous substance is used alone without the experimental compound in order to determine whether the vehicle alone causes any effects
"visual cortex"	a part of the brain that processes visual information
"vitreous humor"	clear gel that fills the space between the lens and the retina of the eyeball
"γ-aminobutyric acid"	gamma aminobutyric acid, the major inhibitory neurotransmitter that reduces neuronal excitability throughout the nervous system

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our financial condition and operating results and performance;
- industry trends and competition;
- our product candidates under development or planning;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to attract customers and build our brand image;
- the operations and business prospects of our collaboration partners, service providers and other suppliers;
- general political, economic and societal, including public health and safety, conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate; and
- the amount and nature of, and potential for, future development of our business.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant operating losses since our inception, and may continue to incur operating losses for the foreseeable future and may never become profitable. You may lose substantially all of [REDACTED] in us if our business fails.

Investment in pharmaceutical drug development is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable.

We have incurred significant expenses related to the research and development of our product candidates in the past. In 2018 and 2019, our research and development expenses amounted to RMB40.7 million and RMB99.5 million, respectively. In addition to our significant research and development expenses, we also incurred selling expenses and administrative expenses associated with our operations. As a result, we recorded net losses of RMB209.4 million and RMB1,325.5 million in the period ended December 31, 2018 and the year ended December 31, 2019, respectively. Excluding the effect of fair value loss of financial liabilities at FVTPL and share-based payment expenses, our non-IFRS adjusted net losses would be RMB47.0 million and RMB82.4 million for the same periods, respectively. See "Financial Information—Non-IFRS Measure." The research and development of our drug

candidates involves a lengthy and expensive process with an uncertain outcome. If the research and development of any of our drug candidates is not successful, our profitability and business prospects may be materially and adversely affected. Such failure may further impact [**REDACTED**] perception of our potential value and could impair our ability to expand our business or continue our operations.

We expect to continue to incur losses for the foreseeable future as we continue and expand our development of, and seek regulatory approvals for, our drug candidates, and continue to build up our commercialization and sales workforce in anticipation of the future roll-out of our late-stage drug candidates. In addition, we will continue to incur costs associated with operating as a public company going through a period of rapid growth. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with or through arrangements with third parties. If any of our drug candidates fails in clinical trials or does not gain regulatory approval, or, if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. As a result, you may lose substantially all of your [**REDACTED**] in us if our business fails.

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

We had net cash used in operating activities of RMB43.4 million and RMB108.1 million in 2018 and 2019, respectively. While we believe we have sufficient working capital to fund our current operations, we expect that we may experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Our operations have required substantial amounts of cash since inception. To date, we have financed our operations primarily through the equity financing. Although we generated revenue from the limited sales of OT-401 under the Boao Pilot Program and have started marketing Ou Qin and brimonidine tartrate eye drop, and are conducting this [**REDACTED**], we may nevertheless require substantial additional capital to meet our continued operating cash requirements, especially to fund our research and development activities, commercialization of our drug candidates and development of manufacturing capabilities. Our cash operating costs mainly consist of upfront and milestone payments, agency and consulting fees, staff costs and clinical trial expenses. Upfront and milestone payments primarily include in-license fees related to our in-licensed drug candidates, which, during the Track Record Period, included

payments made to EyePoint, Nicox, Senju and GTS. Agency and consulting fees primarily include fees paid for CMC and regulatory affairs related to drug registration. Staff costs primarily include (i) share-based compensation expenses and (ii) salaries and welfare for research and development, sales and marketing and administrative personnel. Clinical trial expenses primarily include fees paid to CROs. We expect our cash operating costs in 2020 will increase significantly in light of our expanding pipeline and clinical trial programs. The estimated cash operating costs reflect current expectations of our business operations and may be subject to material changes. Our existing cash, cash equivalents and short-term investments may not be sufficient to enable us to complete all development or commercially launch of our current drug candidates for the currently anticipated indications and to invest in additional drug candidates. If the financial resources available to us after the [**REDACTED**] are insufficient to satisfy our cash requirements, we may seek additional funding through equity offerings, debt financings, collaborations and licensing arrangements. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope and costs of the clinical trials of our drug candidates, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the outcome, timing and costs of regulatory approvals of our drug candidates;
- the number and characteristics of drug candidates that we may in-license and develop;
- the amount and timing of the milestone and royalty payments that we may pay our licensing partners;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- the selling expenses associated with any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;
- cash requirements of any future acquisitions and/or the development of other pipeline drug candidates;

- the cost and timing of development and completion of commercial-scale internal or outsourced manufacturing activities; and

- our headcount growth and associated costs.

It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by fair-value changes in our Preferred Shares and the Share Purchase Option at fair value through profit or loss.

During the Track Record Period, we issued the Preferred Shares and the Share Purchase Option, which we recognized as financial liabilities at fair value through profit or loss on our consolidated statements of financial position. We recorded total deficits of RMB777.3 million and RMB2,068.5 million as of December 31, 2018 and 2019, respectively, primarily due to such financial liabilities. In 2018 and 2019, we realized net fair-value losses of financial liabilities at fair value through profit or loss of RMB158.7 million and RMB1,196.2 million, respectively. The estimated changes in fair value involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. For more details, see "Financial Information—Critical Accounting Policies and Estimates—Fair Value of Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss." As such, the financial liabilities valuation has been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these derivative financial liabilities and result in significant fluctuations in profit or loss from year to year. The Share Purchase Option was exercised on September 18, 2019. The Preferred Shares will automatically convert into Shares upon [**REDACTED**], at which time we expect to record them as equity and, accordingly, turn into a net asset position. However, we do expect to recognize additional loss from the fair-value changes of financial liabilities after December 31, 2019 to the [**REDACTED**], and we may still retain accumulated losses due to the fair-value loss of our Preferred Shares prior to the [**REDACTED**].

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

The Company was set up in the Cayman Islands on February 27, 2018. Our operations to date have focused on organizing and staffing our Company, business planning, raising capital, establishing our ophthalmic drug portfolio, conducting preclinical studies and clinical trials of our drug candidates, developing manufacturing capabilities and building a sales network. Most of our portfolio drugs are still at various stages of development. We have not yet successfully obtained regulatory approval to market any drug candidates from our development pipeline, and have not manufactured or commercialized any such drug candidates. During the Track Record Period, we only derived a small amount of revenue from the limited sales of OT-401, our Core Product, under the Boao Pilot Program. See "Business—Advanced-Stage Drug

Candidates—OT-401 (YUTIQ)—Boao Pilot Program." We have only recently commenced commercial sales of two approved drugs with respect to which we had acquired rights from a partner. Our limited operating history, particularly in light of the rapidly evolving biopharmaceutical industry, may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer. These risks may cause potential [**REDACTED**] to lose substantially all of their [**REDACTED**] in our business.

We had net liabilities during the Track Record Period.

As of December 31, 2018 and December 31, 2019, we had net liabilities of RMB777.3 million and RMB2,068.5 million, respectively. Our deficit position was in part due to the accounting treatment for our Preferred Shares and Share Purchase Option, which are classified as financial liabilities measured at FVTPL. The Share Purchase Option was exercised on September 18, 2019. The Preferred Shares will automatically convert into Shares upon [**REDACTED**], at which time we expect to record them as equity and, accordingly, turn into a net asset position.

Our results of operations, financial conditions, and prospects may be adversely affected by changes in fair value of other financial assets.

During the Track Record Period, we had certain financial assets at fair value through profit or loss, primarily consisting of wealth management products we purchased by using our free cash. These wealth management products comprised risk-free or low-risk financial products with short-term or flexible redemption options issued by commercial banks or reputable financial institutions in China and the United States. The fair value of these financial products was determined by discounted cash flow, which was estimated based on expected return, and discounted at a rate that reflects the risk of underlying investments. The financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value are recorded as other gains or losses, and therefore directly affect our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any losses from changes in fair value of other financial assets in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

Our growth strategies focus on identifying, developing and commercializing first- or best-in-class ophthalmic therapies. For more information, see "Business—Our Strategies." Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing on our growth strategies will require, among other things, our ability to continue to identify and develop promising drug candidates in the highly competitive global and Chinese

biopharmaceutical market, effective coordination and integration of new facilities and new teams that we may develop, successful hiring and training of personnel, effective cost control, sufficient liquidity, effective and efficient financial and management control, effective quality control, and management of our suppliers to leverage our purchasing power. Any failure to execute on our growth strategies or realize our anticipated growth could adversely affect our business, financial condition, results of operations and prospects.

A significant portion of our assets is denominated in foreign currencies.

Certain of our time deposits, bank balances and cash, other financial assets and trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We recorded net foreign exchange losses of RMB1.3 million and gains of RMB15.1 million in 2018 and 2019, respectively. We currently do not have a hedging policy, and the occurrence of any of future currency exchange rate fluctuations could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO DEVELOPMENT AND CLINICAL TRIALS OF OUR DRUG CANDIDATES

We may not be able to in-license new drug candidates with high potential.

Historically, we have in-licensed a number of drug candidates to develop and commercialize in the Greater China region. These assets are important for our portfolio and in-licensing will remain important for our portfolio strategy. We cannot guarantee that we will be able to continue to successfully identify and in-license new drug candidates with high potential. In addition, we have limited financial resources, our resource allocation decisions may cause us fail to capitalize on drug candidates that may later prove to have high commercial potential and profitable market opportunities. Further, if disagreements or disputes arise between us and our current licensing partners, our existing collaborations may be harmed and we may not able to in-license new drug candidates from our current licensing partners or other global pharmaceutical companies. As a result, we may not be able to successfully expand our drug portfolio and our future growth and prospects may be adversely affected.

We may be unable to successfully complete clinical trials, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so.

Our business will depend on the successful development, regulatory approval and commercialization of the drug candidates in our development pipeline, most of which are still in preclinical or clinical development, and other drug candidates we may in-license, acquire or develop. We have invested a significant amount of efforts and financial resources in our existing drug candidates. The success of our drug candidates will depend on several factors, including:

- successful patient enrollment in, and completion of, clinical trials;

- the performance by CROs, or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;

- obtaining sufficient supplies, including, where applicable, suppliers from our in-licensing partners, that may be necessary for use in clinical trials for evaluation of our drug candidates;

- favorable safety and efficacy data from our clinical trials and other studies;

- receipt of regulatory approvals for our drug candidates;

- developing sufficient commercial manufacturing capabilities;

- successfully launching commercial sales of our drug candidates, if and when approved;

- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;

- ensuring that we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;

- gaining competitive advantage over other drug candidates and drugs; and

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

If we experience difficulty in one or more of these factors, we may not successfully commercialize our drug candidates. Our business may be materially harmed as a result and we may not be able to generate sufficient revenues and cash flows to continue our operations.

We may not be able to discover new drug candidates.

We may fail to discover new drug candidates for clinical development for a number of reasons. Research programs to discover new drug candidates and new formulations or pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. Our research programs may initially show promise in discovering new drug candidates or new formulations or developing additional potential indications, yet fail to yield results for clinical development for a number of reasons, including:

- the research methodology used may not be successful in discovering new drug candidates or formulations or developing additional potential indications;

- 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, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements;

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

- it may take greater human and financial resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs than we will possess, thereby limiting our ability to diversify and expand our drug portfolio.

Accordingly, our efforts and resources in discovering new drug candidates or other potential programs that ultimately prove to be unsuccessful. We may not be able to successfully expand our drug portfolio, which could materially adversely affect our future growth and prospects.

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

The timely completion of a clinical trial in accordance with its protocol depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population and the patient eligibility criteria defined in the protocols. Our clinical trials will likely compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates. The competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect that some of our clinical trials may be conducted at the same clinical trial sites that some of our competitors use, which may reduce the number of patients available for our clinical trials at such clinical trial sites. Patient enrollment may also be delayed as a result of epidemics such as the COVID-19 pandemic, or similar events. For example, due to the COVID-19 pandemic, we had enrolled 29 patients as of the Latest Practicable Date for our Phase III clinical trial for OT-401, which is slower than what we had expected. This may, among other things, result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

The research and development of our drug candidates involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. You may lose all or part of your [REDACTED] in us if our research and development fails.

Before obtaining regulatory approval to market our drug candidates, we must do substantial pre-clinical research and conduct extensive clinical trials to demonstrate their safety and efficacy in humans. Clinical trials are expensive and can take many years to complete, and outcomes are inherently uncertain. Failure can occur at any time during the research and development process. The results of preclinical research and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. In some instances, there can be significant variability in safety 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, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding positive results in earlier trials. Our future clinical trial results may not be favorable.

We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to complete the clinical trials, receive regulatory approval or commercialize our drug candidates, including:

- regulators may not authorize us to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;

- our drug candidates, or the substance of our drug candidates, may prove to cause adverse events, have undesirable side effects or other unexpected characteristics, causing us to suspend or terminate the trials;

- our inability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;

- our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- our other third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- clinical trials of our drug candidates may produce negative or inconclusive results, and additional clinical trials or abandon drug development programs may be required;

- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or patients may drop out at a higher rate than we anticipate;

- 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 other unexpected characteristics or a finding that participants are being exposed to unacceptable health risks;

- regulators may require us to suspend or terminate clinical research 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

- the supply or quality of our drug candidates, companion diagnostics or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, or if we are unable to successfully complete clinical trials of our drug candidates or other testing, we may be delayed in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all.

Significant clinical trial delays may also increase our development costs and could shorten any periods during which we have the exclusive right to commercialize our drug candidates or allow our competitors to bring drugs to market before we do. This could impair our ability to commercialize our drug candidates and may harm our business and results of operations.

If competing drugs are more effective, have fewer side effects, are more effectively marketed and cost less than our drugs or drug candidates, or receive regulatory approval or reach the market earlier, our drug candidates may not be approved, and our drugs or drug candidates may not achieve the sales we anticipate and could be rendered noncompetitive or obsolete.

We believe that other pharmaceutical companies, research organizations and other entities are or may be seeking to develop drugs, therapies or approaches to treat our targeted diseases or their underlying causes. For some of our targeted diseases, competitors have alternative therapies that are already commercialized or are in various stages of development. Any of these competing drugs may receive government approval or gain market acceptance more rapidly than our future approved drugs and drug candidates, may offer therapeutic or cost advantages, or may more effectively treat the targeted diseases or their underlying causes, or have fewer side effects or may more easier to use, which could result in our drug candidates not being approved, reduce demand for our future approved drugs and drug candidates or render them noncompetitive or obsolete.

Our approved drugs will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements.

Our approved drugs will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy and other post-market information requirements of regulatory authorities in China and applicable regulatory authorities in other countries.

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

The NMPA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Adverse drug reactions and negative results from off-label use of our future approved drugs could materially harm our business reputation, product brand name, financial condition and expose us to liability.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the NMPA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our future approved drugs be subject to off-label drug use and prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our future approved drugs less effective or entirely ineffective and may cause adverse drug reactions. Any of these occurrences can create negative publicity and significantly harm our business reputation, brand name, commercial operations and financial condition. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approval for our drug candidates.

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

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

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future

approved drug candidates. Moreover, counterfeit products may or may not have the same chemical composition as our products do, which may make them less effective than our products, entirely ineffective or more likely to cause severe adverse side effects. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

RISKS RELATING TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.

Before obtaining regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in preclinical studies, if applicable, and well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA, that the drug candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to preclinical and clinical data, the NDA must include significant CMC information for a drug candidate. If we submit an NDA to the NMPA, the NMPA can decide whether to accept or reject the submission. We cannot be certain that our submissions will be accepted for filing and review by the NMPA.

We have limited experience in filing for regulatory approval for our drug candidates, and have not yet demonstrated ability to receive regulatory approval for our drug candidates from our development pipeline. So far, we have not independently submitted an NDA. Hence, our ability to successfully submit an NDA and obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, or cost more than it would if we were a company with more experience in obtaining regulatory approvals.

The process to develop, obtain regulatory approval for and commercialize drug candidates is long, complex and costly, and approval is never guaranteed. Following any approval for commercial sale of our drug candidates, certain changes to the drug, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA and comparable regulatory authorities. Also, regulatory approval for any of our drug candidates may be withdrawn. If we are unable to obtain regulatory approval for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other drug candidate in the future.

We have limited experience in launching and marketing drug candidates.

Our operations to date have been largely focused on raising capital and developing our drug candidates, including undertaking preclinical studies and conducting clinical trials. We have only recently begun to market Ou Qin and brimonidine tartrate eye drop, two NMPA-approved products with respect to which we acquired rights from a partner. Although members of our management have years of experience relating to drug marketing and commercialization, we have not yet demonstrated our ability to manufacture drugs at a commercial scale, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer history of successfully developing and commercializing drugs.

We will have to compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. We may develop internal sales, marketing and commercial distribution capabilities for any or all of our drug candidates. There can be no assurance that we will be able to build an effective sales team.

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

Our future approved drugs may fail to gain sufficient market acceptance by physicians, patients and others in the medical community. Doctors and patients may continue to prefer current treatments to the exclusion of our drugs for the same or similar indications. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

- the availability, perceived advantages and relative cost, safety and efficacy of alternative and competing treatments;
- the cost effectiveness of our future approved drugs;
- the effectiveness of our marketing, sales and distribution strategies and operations;
- our ability to work with our CMOs to manufacture commercial supplies of our drugs before we successfully develop our own manufacturing capabilities;
- our ability to manufacture commercial supplies of our future approved drugs, to remain in good standing with regulatory agencies, and to develop, validate and maintain commercially viable manufacturing processes that are, to the extent required, compliant with GMP regulations;
- the degree to which the approved labeling supports promotional initiatives for commercial success;

- a continued acceptable safety profile of our future approved drugs;
- results from additional clinical trials of our drug candidates or further analysis of clinical data from completed clinical trials of our future approved drugs by us or our competitors;
- our ability to enforce our intellectual property rights;
- potential advantages of future approved drugs over other therapies;
- our ability to avoid any third-party patent interference or patent infringement claims; and
- maintaining compliance with all applicable regulatory requirements.

If any approved drug candidates that we commercialize fail to achieve market acceptance in the medical professional community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates, are more cost-effective or render our drug candidates obsolete.

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

In anticipation of the commercialization of our drug candidates, we started building our commercialization team in 2019. We cannot assure you that our pre-launch efforts will guarantee immediate market success. There may be circumstances during the actual sales of our future approved drugs that we did not anticipate prior to commercialization that may require us to adjust our sales and marketing strategies, recruit additional personnel or incur unforeseen costs and expenses to address those circumstances. For example, we may not be able to maintain proper inventory levels for our drug candidates. Inventory levels in excess of demand may result in inventory write-downs, expiration of future approved drugs and increase in inventory holding costs. Conversely, we may experience inventory shortages if we underestimate demand for our future approved drugs, which may result in unfilled orders and have a negative impact on our relationship with distributors, hospitals and doctors. Moreover, we may not be able to effectively manage and grow our sales network, which may affect our business and future prospects.

The manufacture of pharmaceutical drugs is a highly exacting and complex process. If we encounter problems in manufacturing our drug candidates, our business could suffer.

The manufacture of pharmaceutical drugs is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays related to the construction of new facilities or the expansion of our future manufacturing facility, including changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations that could inhibit continuous supply, man-made or natural disasters and environmental factors. If problems arise during the production of a batch of product, that batch of product 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 or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

Reimbursement may not be available for our drug candidates.

Our ability to commercialize any future approved drugs successfully will depend in part on the extent to which reimbursement for these drugs and related treatments will be available to hospitals and other medical institutions ordering these drugs for use by their patients. Under the national medical insurance program in China, patients purchasing pharmaceutical products that are listed on the NRDL 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 NRDL will significantly affect the demand for such drug in China. We plan to pursue reimbursement opportunities at a national level. However, we cannot be sure that reimbursement will be available for any drug that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any drug for which we obtain regulatory approval. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize certain drug candidates that we successfully develop.

If our future approved drugs are listed on the NRDL, changes in pricing regulations could restrict the amount that we are able to charge for our current and future approved drugs.

We price our future approved drugs after receiving NDA approval. According to currently effective PRC laws and regulations, the prices of approved drugs are determined by market competition. The government regulate prices mainly by establishing a consolidated procurement mechanism, revising the NRDL and strengthening regulation of medical and pricing practices. We cannot predict the extent to which our business may be affected by potential future legislative or regulatory developments. Changes in pricing regulation could restrict the amount that we are able to charge for our future approved drugs, which would adversely affect our revenue, profitability and results of operations.

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

The ophthalmic pharmaceutical industry is highly competitive. We face potential competition from many different actors, including pharmaceutical and biopharmaceutical companies, academic institutions and public and private research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future. Many of the companies we are competing against or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than the drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA or other comparable regulatory authorities for their drugs more rapidly than we, which could result in their establishing a strong market position before we are able to enter. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing our drug candidates.

Guidelines, recommendations and studies published by various organizations could disfavor our drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' drugs and drug candidates. Any such guidelines, recommendations or studies that reflect negatively on our drug candidates, either directly or relative to our competitive drug candidates, could result in current or potential decreased use, sales of, and revenues from one or more of our drug candidates. Furthermore, our success depends in part on our and our partners' ability to educate healthcare providers and patients about our drug candidates, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies.

The increasing use of social media platforms presents new risks and challenges.

Social media are increasingly being used to communicate about the diseases that our therapies are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a drug product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may

not be able to defend our own or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our drug candidates. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events occur or we otherwise fail to comply with applicable regulations, we may incur liability, face overly restrictive regulatory actions or incur other harm to our business.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

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

We rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development, manufacture or commercialization of our drug candidates and certain of these third parties from which we have been granted licenses themselves rely on licenses from other third parties. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use or in all territories in which we may wish to develop or commercialize our future approved drugs. As a result, we may not be able to prevent competitors from developing and commercializing competitive drug products in territories included in all of our licenses.

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

Our licensing partners may have relied on third-party consultants or collaborators or on funds from third parties, or on upstream licenses from third parties, such that our licensing partners are not the sole and exclusive owners of the intellectual property rights we in-license. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

In spite of our best efforts, our licensing partners might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize drug products covered by these license agreements. If any of our licensing partners goes bankrupt, some or all of our rights under the licensing agreements may be rejected during the bankruptcy proceeding. For details, see "Business—Collaboration and License Arrangements." As such, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. In addition, we may seek to obtain additional licenses from our licensing partners in a manner that may be

more favorable to the licensing partners, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Our licensing partners do not own some of the patents which they have licensed to us. Our licensing partners have obtained the rights to such patents through license agreements with the entities that own or control such patents and have in turn sub-licensed such rights to us. We are not a party to the license agreements under which our licensing partners obtain their rights and therefore cannot ensure that our licensing partners will comply with their obligations under such agreements. If any of our licensing partners breach or otherwise violate any such agreements, their rights thereunder may be terminated and our licensing partners may no longer be able to sublicense such rights to us. In addition, our licensing partners may not control prosecution and enforcement such patents. If our licensing partners lose their rights to any patents or other intellectual property rights upon which we depend and we lose our sublicense rights to such patents and other intellectual property, we may be required to cease the development and commercialization of our products and it could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings.

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

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

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

- others may be able to make compounds that are similar to our drug candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;

- we or our licensing partners or the ultimate owners of the patent rights might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;

- we or our licensing partners or the ultimate owners of the patent rights might not have been the first to file patent applications covering certain of our the inventions that we own or exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;

- others may independently develop similar or alternative technologies or duplicate any of the technologies that we own or license without infringing our or our licensing partners' or the ultimate owners' intellectual property rights;

- it is possible that or our licensing partners' or the ultimate owners' pending patent applications will not lead to issued patents;

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

- we or our licensing partners or the ultimate owners of the patent rights may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of our patents may be limited;

- our competitors might conduct research and development activities in countries where we or our licensing partners or the ultimate owners of the patent rights do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we or our licensing partners or the ultimate owners of the patent rights may fail to develop additional proprietary technologies that are patentable;

- we or our licensing partners or the ultimate owners of the patent rights may not be able to protect our intellectual property rights that we own or license across the world or prevent unfair competitions from third parties;

- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and

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

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

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates or development pipeline.

Our commercial success will depend, where relevant, on our ability to obtain and maintain patent and other intellectual property protection with respect to our drugs, drug candidates and development pipeline. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Some of the patents and patent applications that we own or license have been, are being or may be challenged at a future point in time in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings. The patent position of biotechnology and pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. We cannot be certain whether patents will be issued or granted with respect to our owned or in-licensed patent applications that are currently pending, the coverage claimed in our owned or in-licensed patents applications will be limited before patent is issued or granted, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our drug candidates and development pipeline, or otherwise provide us with any competitive advantage.

Publication of discoveries often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications on, our drug candidates or for their uses, or that our drug candidates will not infringe patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our drug candidates or a similar invention, our patent application may be regarded as competing applications and may not be approved in the end.

As such, we do not know the degree of future protection that we will have on our drugs and technology, if any. If the patent applications we or our licensing partners had applied are not granted in the end, or the scope of intellectual property rights we obtained is not adequate,

third parties could develop or commercialize drugs similar to ours and compete against us. As a result, a failure to obtain adequate intellectual property protection with respect to our drug candidates or development pipeline could have a material adverse impact on our business.

The active pharmaceutical ingredient for certain of our products, including OT-401, is off-patent and we therefore cannot prevent competitors from utilizing the same active pharmaceutical ingredient.

Compound patent claims on the active pharmaceutical ingredient, or API, in pharmaceutical drug products are generally considered to be the favored form of intellectual property protection for drug products because such patents may provide protection without regard to any particular method of use or manufacture or formulation of the API used. The chemical structure of the API in certain of our products, including fluocinolone acetonide in OT-401, is in the public domain given that patents covering such API have expired and as a result such API can no longer be patented. Accordingly, we cannot prevent third parties, including our competitors, from commercializing products in our field using the same API, based on a compound patent claiming the API.

Claims that our drug candidates or the sale or use of our future products infringes, misappropriates or otherwise violates the patent or other intellectual property rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.

Our commercial success depends upon our ability to develop, manufacture, market and sell our drug candidates without infringing, misappropriating or otherwise violating the intellectual property rights of others. We cannot guarantee that our drug candidates or any uses of our drug candidates do not and will not in the future infringe third-party patents or other intellectual property rights. It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture of the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access

to the same intellectual property. Ultimately, we could be prevented from commercializing a future approved drugs, or be forced, by court order or otherwise, to cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement, including treble damages and attorneys' fees if we are found to willfully infringe a third party's patent.

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

Unfavorable outcomes in intellectual property litigation could limit our research and development activities and/or our ability to commercialize certain future approved drugs.

If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology, or barred from developing and commercializing certain future approved drugs. Prohibitions against using certain technologies, or prohibitions against commercializing certain future approved drugs, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. Further, not all of our licensing partners have represented and warrantied under the licensing agreements that our use of in-licensed technologies in connection with the development, manufacture or commercialization of our drug or drug candidates will not infringe upon intellectual property rights owned by third parties, or have agreed to indemnify, defend or hold us harmless against any intellectual property infringement claims asserted by third parties.

There is inevitable uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed. If litigation leads to an outcome unfavorable to us, we may be required to obtain a license from the intellectual property owner in order to continue our research and development programs or to market any resulting product. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. Alternatively, we may be required to modify or redesign our future approved drugs in order to avoid infringing or otherwise violating third-party intellectual property rights. This may not be technically or commercially feasible, may render our future approved drugs less competitive, or may delay or prevent the entry of our future approved drugs to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more drug candidates, or both.

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

In addition, any future intellectual property litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. An adverse outcome in such litigation or proceedings may expose us or any future strategic partners to loss of our proprietary position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all, each of which could have a material adverse effect on our business. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if [**REDACTED**] or [**REDACTED**] perceive these results to be negative, it could have a material adverse effect on the [**REDACTED**] of our Shares.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the National Intellectual Property Administration of the PRC or World Intellectual Property Organization and other patent agencies in several stages over the lifetime of a patent. The National Intellectual Property Administration of the PRC or World Intellectual Property Organization and various patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We are also dependent on our licensing partners to take the necessary action to comply with these requirements with respect to our licensed intellectual property. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We may be subject to claims asserting that our employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Although we try to ensure that our employees, consultants, independent contractors and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals or we have inadvertently or otherwise used or disclosed confidential information and/or intellectual property, including trade secrets or other proprietary information, of the companies that any such individual currently or formerly worked for or provided services to. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our business.

In addition, while we require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets and other proprietary information.

We rely on employee and third-party confidentiality agreements to safeguard our intellectual property, such as trade secrets, know-how and other proprietary information. In the course of our research and development activities and our business activities, we often rely on confidentiality agreements to protect our proprietary information. Such confidentiality agreements are used, for example, when we collaborated with CROs or potential strategic partners, or recruited our senior management, key members of our research and development team, and employees who have access to our trade secrets or confidential information. In addition, each of our employees is required to sign a standard employment agreement with invention assignment clause upon joining our Company. Such agreement ensure our employees assign the rights of all inventions, technologies, know-how and trade secrets derived during the course of his employment to us. We take steps to protect our proprietary information, and our confidentiality agreements and invention assignment arrangements are carefully drafted to protect our proprietary interests. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures.

In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

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

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

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.

Future changes in laws and regulations governing patents and relevant procedures through which patents may be obtained and by which the validity of patents may be challenged could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we might obtain in the future. There could be similar changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other intellectual property rights. Future changes in laws surrounding patent eligibility may narrow the scope of patent protection available in certain circumstances and weaken our rights as a patent owner in certain situations.

Our competitors may be able to circumvent our patents by developing similar or alternative technologies or future approved drugs in a non-infringing manner.

Our competitors may seek approval to market their own drugs that are the same as, similar to or otherwise competitive with our future approved drugs or drug candidates. In these circumstances, we may need to defend or assert our patents by various means, including filing lawsuits alleging patent infringement requiring us to engage in complex, lengthy and costly litigation or other proceedings. In any of these types of proceedings, a court or government agency with jurisdiction may find our patents invalid, unenforceable or not infringed. We may

also fail to identify patentable aspects of our research and development before it is too late to obtain patent protection. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives.

We may not be able to protect and enforce our trademarks and trade names, or build name recognition in our markets of interest thereby harming our competitive position.

The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition. In addition, third parties have filed, and may in the future file, for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such rights, we may not be able to use these trademarks to develop brand recognition of our products. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We expect to rely on third parties (including our licensing partners) to supply drug candidates or raw materials for manufacturing our future approved drugs, and our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

During the Track Record Period, we did not procure raw materials or equipment for commercial manufacturing. As of the Latest Practicable Date, we had not produced drug products by ourselves. We expect to engage Huonland as our CMO for Ou Qin and to rely on certain third parties to supply APIs and key raw materials for manufacturing our drug candidates. Our future reliance on third party suppliers may expose us to the following risks, any of which could limit commercial supply of our future approved drugs or limit supply of our drug candidates used in clinical trials, result in higher costs, or impair our ability to continue our research and development or deprive us of potential product revenues:

- our CMOs, or other third parties we rely on, may encounter difficulties in achieving the volume of production needed to satisfy commercial demand or clinical trial demand, may experience technical issues that impact quality or compliance with applicable and strictly enforced regulations governing the manufacture of pharmaceutical products, and may experience shortages of qualified personnel to adequately staff production operations;

- our CMOs, or other third parties we rely on, could default on their agreements with us to meet our requirements for commercial supply of our future approved drugs or supply our drug candidates used in clinical trials;

- our CMOs, or other third parties we rely on, may not perform as agreed or may not remain in business for the time required to successfully produce, store, sell and distribute our future approved drugs and we may incur additional cost; and

- if our CMOs, or other third parties we rely on, were to terminate our arrangements or fail to meet their contractual obligations, we may be forced to delay the commercialization of our future approved product or impair our ability to continue our research and development.

Furthermore, in line with industry norm, we rely on our licensing partners to, among others, supply some of our drug candidates to support both clinical development and commercialization, and thus may be at risk if the business of any of such licensing partners runs into difficulties that would, as the case may be, undermine its ability to guarantee sufficient clinical or commercial supplies of drugs to us, provide technical assistance that we may from time to time require, or fulfill other contractual obligations that may be material to our business. Our current or future licensing partners are typically biotech or pharmaceutical companies themselves, some of which may be at early stage of development with limited cash flow from operations. These early-stage biotech or pharmaceutical companies may experience difficulties in their business operations, financial position or liquidity for a variety of reasons that are relevant to them, within or out of their control. For example, EyePoint, our licensing partner of OT-401 (YUTIQ), our Core Product, and OT-502 (DEXYCU), previously disclosed uncertainties associated with achieving sufficient cash flows and risks about its liquidity position leading to substantial doubt about its ability to continue as a going concern. If the difficulties and uncertainties are not well managed, the business could deteriorate or even fail. While we have contingency plans to mitigate risks associated with business disruptions caused by third parties, including adjusting inventory levels by stockpiling or obtaining contractual rights to seek alternative supplies in the event of shortage, there is no assurance that our contingency plans would be effective.

Our reliance on third parties reduces our control over our development and commercialization activities but does not relieve us of our responsibility to ensure compliance with all required legal, regulatory and scientific standards. For example, the NMPA require that our drug candidates and any products that we may eventually commercialize be manufactured according to GMP. Any failure by our third-party manufacturers to comply with GMP or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of drug candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our drug candidates or supply the commercial volume of our future approved drugs. In addition, such failure could be the basis for the regulatory authorities to issue a warning or untitled letter, withdraw approvals for products previously granted to us, or take other regulatory or legal action, including recall or seizure, total or partial suspension of

production, suspension of ongoing clinical trials, refusal to approve pending applications or supplemental applications, detention or product, refusal to permit the import or export of products, injunction, imposing civil penalties or pursuing criminal prosecution.

We may rely on third parties (including our licensing partners) to manufacture or import our clinical and commercial drug supplies, and our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently use third parties (including, in some cases, our in-licensing partners) for the clinical and commercial supply of our drug candidates. Before our own manufacturing capabilities are fully developed, we may continue to use contract manufacturers. Reliance on third-party manufacturers would expose us to the following risks:

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

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

- manufacturers are subject to ongoing periodic unannounced inspection by the regulatory authorities. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

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

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

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

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

- our contract manufacturers may be subject to natural or man-made disasters, epidemics, hostilities, social unrest, and other factors out of their control.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs or adversely impact commercialization of our future approved drug candidates. In addition, we may rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error and availability of qualified personnel. Furthermore, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our drug candidates will not occur in the future, either relating to our third-party CMOs or our future manufacturing facilities. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

If we fail to comply with our obligations in the license agreements or otherwise experience disruptions to our business relationships with our licensing partners, we could be required to pay monetary damages or could lose license rights that are important to our business.

We have entered into license agreements with licensing partners providing us with rights to various intellectual property, including rights in patents and patent applications. For details, see "Business—Collaboration and License Arrangements." These license agreements impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any future approved drugs or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these

agreements. Such an occurrence could diminish the value of these future approved drugs and our business. Termination of the licenses provided for under these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

We may need to obtain additional licenses from our existing licensing partners and others to advance our research or allow commercialization of drug candidates we may develop. It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our drug candidates or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected drug candidates, which could harm our business, financial condition, results of operations and prospects significantly.

Disputes may arise regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe, misappropriate or violate intellectual property of the licensing partner that is not subject to the license agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensing partners and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we license intellectual property or technology from licensing partners 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 eliminate or narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and

prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on third parties to conduct our preclinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third-party CROs to generate, monitor or manage data for our ongoing preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

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

Switching or adding CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

Our future revenues are dependent on our ability to work effectively with collaborators to develop our drug candidates, including obtaining regulatory approval. Our arrangements with collaborators will be critical to successfully bringing products to market and commercializing them. We rely on collaborators in various respects, including to undertake research and development programs and conduct clinical trials, manage or assist with the regulatory filings and approval process and to assist with our commercialization efforts. We do not control our collaborators. Therefore, we cannot ensure that these third parties will adequately and timely perform all of their obligations to us. If third parties fail to complete the remaining studies successfully, or at all, it could delay, adversely affect or prevent regulatory approval. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. We cannot guarantee the satisfactory performance of any of our collaborators and if any of our collaborators breach or terminate their agreements with us, we may not be able to successfully commercialize the licensed drug which could materially and adversely affect our business, financial condition, cash flows and results of operations.

We had a limited number of suppliers during the Track Record Period.

In 2018 and 2019, our purchases from our five largest suppliers in the aggregate accounted for 56.5% and 92.8% of our total purchases, respectively. During the Track Record Period, we had a small number of suppliers, and the largest purchase amounts related to upfront payments for drug in-licensing and acquisition arrangements, which were not recurring in nature. In an in-licensing arrangement, it is customary for the licensee to pay an upfront payment to the licensor. Our other major purchases were fees paid to CROs we engaged to manage, conduct and support our preclinical research and clinical trials. We expect to continue our purchases from these suppliers as we fund the continuing research and development activities of OT-401, our Core Product, and other drug candidates in our pipeline. The stability of operations and business strategies of our suppliers are beyond our control but may affect us. Any material disruption to their operations due to natural or other causes could adversely affect our collaborations.

Our employees, collaborators, service providers, independent contractors, principal investigators, consultants, vendors and CROs may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, collaborators, independent contractors, principal investigators, consultants, vendors and CROs may engage in fraudulent or other illegal activity with respect to our business. Misconduct by these employees could include intentional, reckless and/or negligent conduct or unauthorized activity that violates:

- NMPA regulations, including those laws requiring the reporting of true, complete and accurate information to the NMPA;
- manufacturing standards; or
- laws that require the true, complete and accurate reporting of financial information or data.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Misconduct by these parties could also involve individually identifiable information, including, without limitation, the improper use of information obtained in the course of clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and serious harm to our reputation.

We may not be able to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from the NRDL, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations.

RISKS RELATING TO OUR OPERATIONS

Our future success depends on our ability to retain key executives and to attract, train, retain and motivate qualified and highly skilled personnel.

Our success depends in part on our continued ability to attract, retain and motivate qualified management, clinical and scientific personnel. Accordingly, we are highly dependent upon our senior management, as well as other key scientific personnel and consultants. In particular, our executive Director and CEO, Mr. Liu Ye, and the other principal members of our management and scientific teams, such as our chief scientific officer, Dr. Liu Changdong, our chief medical officer, Dr. Chen DongHong, our chief development officer, Dr. Hu Zhaopeng, and our vice president (commercialization), Mr. Zuo Qinglei, are crucial to our operations. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Further, we currently do not have a full time chief financial officer, and we may not be able to find a suitable candidate within the timeframe we would like, or at all.

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, our Company adopted the Employee Stock Option Plan on May 23, 2018. The value to employees of equity grants under such plan that vest over time may be significantly affected by movements in the [**REDACTED**] of our Shares that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, they could decide to terminate employment with us.

Recruiting and retaining qualified scientific, technical, clinical, manufacturing and sales and marketing personnel in the future will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our drug portfolio, clinical development and commercialization strategies. The loss of the services of these key employees and consultants could impair our ability to maintain daily operation and to achieve research, development and commercialization objective.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. Any inability to attract, motivate or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may not be able to develop our manufacturing capabilities as planned.

We plan to develop our own manufacturing capabilities through an agreement with a local government in Suzhou, whereby the government party will construct a manufacturing facility and we will acquire the facility from the government party upon the satisfaction of certain conditions. See "History, Restructuring and Corporate Structure—Major Acquisitions, Disposals and Mergers." If the construction of the manufacturing facility is significantly delayed by epidemics such as the COVID-19 pandemic or similar events, the development of our manufacturing capabilities will be adversely impacted. If regulatory or other problems (including breach of contract) require the construction of the Suzhou facility to be suspended or even abandoned or impede our acquisition of the Suzhou facility, we will not be able to develop the manufacturing capabilities as planned, which would materially and adversely impact our business. Once completed and in operation, if the facility or the equipment in it is significantly damaged or destroyed by fire, flood, power loss or similar events, we may not be able to quickly or inexpensively replace our facility. In the event of a temporary or protracted loss of either facility or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with necessary regulatory requirements.

We may fail to comply with laws, regulations and industry standards or any adverse actions by the drug approval authorities, obtain or renew certain approvals, licenses, permits and certificates required for our business.

A number of governmental agencies or industry regulatory bodies in China impose strict rules, regulations and industry standards governing pharmaceutical and biotechnology research and development activities, which apply to us. In addition, we are also subject to laws and regulations with respect to our overall operations. Pursuant to applicable laws and regulations, we are required to obtain and maintain various approvals, licenses, permits and certificates from the relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by the relevant authorities. Such laws, regulations and the standards of such renewal and reassessment may change from time to time. Any failure to comply with such laws and regulations or any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in termination of ongoing research, administrative penalties imposed by regulatory bodies, the disqualification of data for submission to regulatory authorities or enforcement actions. These may lead to cease of operations and corrective measures requiring capital expenditure or remedial actions, which in the future could materially and adversely affect our reputation, business, financial condition and results of operations.

Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully obtain such approvals, permits,

licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and increase our costs, which could materially reduce our profitability and prospects.

We are subject to risks in relation to acquisitions or strategic partnerships.

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

- increased operating expenses and cash requirements and increase our near and long-term expenditures;
- difficulties in assimilating operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing drug programs and initiatives in pursuing such a strategic transaction;
- the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biotechnology companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits. Any collaborations involving our drug candidates are subject to numerous risks, which may include the following:

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

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

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

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

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

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

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

- the business of collaborators may run into difficulties. See "—Risks Relating to Our Reliance on Third Parties—We expect to rely on third parties to supply drug candidates or raw materials for manufacturing our future approved drugs, and our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices";

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

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

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our third-party drugs if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

PRC regulations and rules concerning mergers and acquisitions, including the M&A Rules, and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors (《商務部實施外國投資者並購境內企業安全審查制度的規定》), or the Security Review Rules, issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval and filing processes, including obtaining approval or filings from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions

in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

We face potential liabilities, in particular, product liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the clinical trials of our drug candidates, and we will face an even greater risk if we produce, market, promote and commercialize any drug candidates. Any such product liability claims may include allegations of defects in manufacturing, defects in design, improper, insufficient or improper labelling of products, insufficient or misleading disclosures of side effects or dangers inherent in the product, negligence, strict liability and a breach of warranties. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. There is also risk that third parties we have agreed to indemnify could incur liability. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our drug candidates or any resulting products;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize our drug candidates; and
- a decline in our Share [**REDACTED**].

If we are unable to defend ourselves against such claims in the PRC, among other things, 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 licenses if our products are

found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management.

Existing PRC laws and regulations do not require us to, nor do we, maintain liability insurance to cover product liability claims. We currently only maintain insurance for adverse effects in clinical trials. Such insurance may not fully cover our potential liabilities. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. Even if we maintain such insurance, any claim that may be brought against us could result in a court judgment 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. Insurance policies may 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.

Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, may have a material adverse impact on us.

The drug market is heavily regulated in China. Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which will lower the entry barrier for potential competitors, or an increase in regulatory requirements which may cause difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects. Our licensing partners gain exposure to the China market through license arrangements with us. If China modifies regulations which materially and adversely affects collaboration with foreign pharmaceutical or biopharmaceutical companies, our business, financial condition, results of operations and prospects may be materially and adversely affected as well.

If we fail to comply with anti-corruption, environmental, health and safety laws and regulations in the future, we could become 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 anti-corruption laws and regulations. Our business activities create the risks of unauthorized payments or offers of payments by our employees. It is our policy to implement strict safeguards to discourage these practices. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees may engage in conduct for which we might be held responsible, even if we do not explicitly authorize such activities. Noncompliance with anti-corruption laws could subject us investigations, enforcement actions, fines, or civil or criminal penalties.

We may be subject to numerous environmental, health and safety laws and regulations when we operate our manufacturing facilities, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. When we operate manufacturing facilities in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may produce hazardous waste products. We may contract with third parties for the disposal of these materials and wastes, but we cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities.

In addition, we may be required to incur substantial costs to comply with environmental, health and safety laws and regulations when we operate our manufacturing facilities. These 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.

Our operations and business plans may be adversely affected by the COVID-19 pandemic.

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand across the PRC and globally. In March 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. The COVID-19 outbreak is expected to have an unprecedented impact on the global economy as it has significantly reduced market liquidity and depressed economic activities.

The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the Chinese ophthalmic drug market, and adversely affect our business operations. We experienced a delay in patient screening for the ongoing Phase III clinical trial of OT-401 due to travel restrictions implemented to contain the spread of COVID-19 in China. See "Summary—Recent Developments—Impact of the COVID-19 Outbreak." We are uncertain as to when the COVID-19 pandemic will be contained in China and globally, and we also cannot predict whether COVID-19 will have long-term impact on our business operations. In addition, the commencement of new clinical trials for other drug candidates in our development pipeline could also be delayed or prevented by any delay or failure in patient recruitment or enrollment. Our commercial plan for commercial-ready or near

commercial-ready assets could also be disrupted. If we are not able to effectively and efficiently develop and commercialize our drug candidates as planned, we may not be able to grow our business and generate revenue from sales of our drug candidates as anticipated, our business operations, financial condition and prospects may subsequently be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks or other unforeseen catastrophic events.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may adversely affect our drug development progress, on-going clinical trials, manufacturing and commercialization. Natural disasters, health epidemics or other unanticipated catastrophic events, including power interruptions, water shortages, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to operate our business. Our business could also be adversely affected by the effects of Ebola virus disease, Zika virus disease, H1N1 flu, H7N9 flu, avian flu, SARS, COVID-19 or other epidemics, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the PRC economy in general and the business of our customers and suppliers. The occurrence of any such event could materially and adversely affect our business, financial condition, results of operations and prospects.

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

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

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. Information systems, networks and other technologies are critical to our operating activities, shutdowns or service disruptions at our offices or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events, such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our

operations, damage to our reputation or a loss of revenues. We could be subject to regulatory actions and/or claims involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. In addition, as we outsource more of our information systems to vendors and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

We may explore various forms of collaboration outside of China, which will expose us to additional risks of conducting business in additional international markets.

We currently have rights to our in-licensed products in the Greater China region and, in some cases, Southeast Asia and Korea. We may continue to explore commercialization rights licenses in select international markets. For certain of our in-house developed drugs, we may also consider obtaining global rights. Engaging in international business relationships subject us to additional risks, including:

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

- unexpected changes in laws and regulatory requirements and difficulty of effective enforcement of contractual provisions in local jurisdictions;

- inadequate intellectual property protection such as third parties obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;

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

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

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

- currency fluctuations, which could result in increased operating expenses and reduced revenue;

- workforce uncertainty and labor unrest;

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

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

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

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

Our operations require a sufficient number of qualified employees. We cannot assure you that there will be no further increase in labor cost. If there is a significant increase in our labor cost, our operations and profitability may be adversely affected.

In addition, we adopted the Employee Stock Option Plan and the RSU Scheme for the primary purpose of providing incentives and reward to employees of the Group. See "Appendix IV—Statutory and General Information—D. Share Incentive Schemes." We will not grant any further option under the Employee Stock Option Plan after the [**REDACTED**]. Share options granted under our existing or future share-based compensation scheme could adversely affect our net income.

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigations and legal proceedings that may materially affect our 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 if we are unsuccessful, 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 have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or product liability 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.

Negative publicity may adversely affect our reputation, business and growth prospect.

Any negative publicity concerning us, our affiliates or any entity that shares the "Ocumension" name, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicity about us or any of our affiliates or any entity that shares the "OcuMension" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. In addition, referrals have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us or any of our affiliates or any entity that shares the "OcuMension" name could adversely affect our ability to maintain our existing collaboration arrangements or attract new partners.

If we fail to comply with applicable 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 are subject to anti-bribery laws in China that generally prohibits companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Although we have policies and procedures designed to ensure that we, our employees and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures will protect us against liability under such laws for actions taken by our agents, employees and intermediaries with respect to our business or any businesses that we acquire. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the federal government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violated such laws.

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

During the Track Record Period, we have formed partnerships with entities in foreign countries, including the United States, France and Japan, and establishing new collaboration partnerships is key to our future growth. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, including international trade relationships, and local conditions in those foreign countries. As a result, China's political relationships with those foreign countries may affect the prospects of maintaining existing or establishing new collaboration partnerships. There can be no assurance that potential collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries. Any tensions and political concerns between China and the relevant foreign countries may adversely affect our business, financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO DOING BUSINESS IN CHINA

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

During the Track Record Period, most of our business operation were located in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth over the past 30 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek government 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 research and development 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 preclinical 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 condition 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.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

Our business is conducted in China and is governed by PRC laws and regulations. Our business operation is supervised by competent regulatory authorities in China. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, written statutes in the PRC are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has developed a comprehensive system of laws, rules and regulations in relation to economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. As these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. Moreover, we cannot predict the effect of future developments in the PRC legal system and regulatory structure. Such unpredictability towards our contractual, property and procedural rights as well as our rights licensed, approved or granted by the competent regulatory authority could adversely affect our business and impede our ability to continue our operations. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on

a timely basis, if at all) that some rules may have a retroactive effect. Hence, we may not be aware of violation of these policies and rules until after such violation has occurred. Furthermore, the legal protections available to us and our investors under these laws, rules and regulations may be limited.

Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, which may impose new burdens on us.

The PRC Foreign Investment Law, or the FIL, was enacted by the NPC on March 15, 2019 and became effective on January 1, 2020, which replaces a trio of previous laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. This law has become the legal foundation for foreign investment in the PRC. The FIL embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Implementation Rules to the Foreign Investment Law were promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020. However, uncertainties exist with respect to interpretation and implementation of the FIL and its Implementation Rules, which may adversely impact our corporate governance practice and increase our compliance costs. For instance, we might be required by government interpretations or implementing rules of the FIL to adjust the corporate governance of certain of our PRC subsidiaries in a five-year transition period. In addition, the FIL imposes information reporting requirements on foreign investors or foreign-invested enterprises. Failure to take timely and appropriate measures to cope with any of these or other regulatory compliance requirements under the FIL may lead to rectification obligations, penalties or other regulatory sanctions on us.

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

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

amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

In response to the persistent capital outflow in China and the Renminbi's depreciation against the U.S. dollar, People's Bank of China, or PBOC, and the SAFE promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

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

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

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of the PRC-sourced income and we have obtained the approval of the competent tax authority. On February 3, 2018, the STA issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於税收協定中"受益所有人"有關問題的公告》), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner.

If our Hong Kong subsidiary holds any equity interest in a PRC subsidiary and does not engage in any substantive business activity in the future, based on the abovementioned principles, PRC tax authorities would not consider our Hong Kong subsidiary as the "beneficial owner" of any dividends paid from our PRC subsidiaries and would deny the claim for the reduced rate of withholding tax. Under the current PRC tax law, if our Hong Kong subsidiary

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

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

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

It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.

Some of our Directors and management personnel reside in China and substantially all of assets of our Directors and management personnel are located within China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final

judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, most other western countries or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

The SAFE has promulgated several regulations requiring PRC residents to register with local qualified banks before engaging in direct or indirect offshore investment activities, including SAFE Circular 37. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE

to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

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

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

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

Any failure to comply with the PRC regulations regarding our employee equity incentive plans may subject the PRC plan 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 (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules. 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 of not 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 SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. Our PRC subsidiaries and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. We plan to assist our employees to register their share options or shares. However, any failure of our PRC individual beneficial owners and holders of share options or shares to comply with the SAFE registration requirements may subject them to fines and legal sanctions and may limit the ability of our PRC subsidiaries to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our Directors and employees under PRC law.

We face uncertainty relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the STA issued the Announcement on Issues of Enterprising Income Tax Arising from Indirect Property Transfer Between Nonresident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or Circular 7, which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》), or Circular 698, which was previously issued by the STA on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market," or the Public Market Safe Harbor, which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this

Document and the [**REDACTED**]" in this document, potential [**REDACTED**] should consult their professional advisors if they are in any doubt as to the tax implications of [**REDACTED**] for, purchasing, holding, disposing of and [**REDACTED**] in the Shares.

Under China's EIT Law, we may be classified as a "resident enterprise" of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, an enterprise established outside of China with "*de facto* management bodies" within China is considered a "resident enterprise," meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. Under the Circular of the STA on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational 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》) issued by the STA on April 22, 2009, or Circular 82, dividends and other distributions paid by resident enterprises will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. This circular also subjects such resident enterprises to various reporting requirements with the PRC tax authorities. The implementing rules of the EIT Law define "*de facto* management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises will be classified as resident enterprises. On July 27, 2011, the STA issued Administrative Measures of Enterprise 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)》), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which the competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Despite the foregoing, the STA may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "*de facto* management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by PRC enterprise would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities

and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by PRC enterprise like us. Finally, the EIT Law and its implementing rules issued by PRC tax authorities provide that dividends paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at source.

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

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

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we leased certain properties primarily as office space in China and did not register all of our seven lease agreements as tenant. We may be required by relevant government authorities to file these lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000 for each lease agreement. As of the Latest Practicable Date, we were not aware of any action, claim or investigation being conducted or threatened by the competent governmental authorities with respect to such defects in our leased properties.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our Shares; an active [REDACTED] market for our Shares may not develop and the market [REDACTED] for our Shares may decline or became volatile.

No public market currently exists for our Shares. The initial [**REDACTED**] for our Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the Shares following the [**REDACTED**]. We have applied to the [**REDACTED**] for the [**REDACTED**] in, the Shares. A [**REDACTED**] on the [**REDACTED**], however, does not guarantee that an active and liquid [**REDACTED**] for our Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the Shares will not decline following the [**REDACTED**].

The [REDACTED] of our Shares may be volatile, which could lead to substantial losses to [REDACTED].

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

There will be a gap of several days between [REDACTED] of our Shares, and the [REDACTED] of our Shares when [REDACTED] begins could be lower than the [REDACTED].

The initial [**REDACTED**] to the public of our Shares sold in the [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, the Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be five Business Days after the [**REDACTED**]. As a result, [**REDACTED**] may not be able to sell or otherwise [**REDACTED**] the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the [**REDACTED**] of the Shares when [**REDACTED**] begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time [**REDACTED**] begins.

Future sales or perceived sales of our Shares in the public market by major Shareholders following the [REDACTED] could materially and adversely affect the [REDACTED] of our Shares.

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

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

The [**REDACTED**] of the [**REDACTED**] is higher than the [**REDACTED**] immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] value. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. [**REDACTED**] of the [**REDACTED**] may experience dilution in the net [**REDACTED**] of their Shares if we issue additional Shares in the future at a [**REDACTED**] which is lower than the net [**REDACTED**] at that time.

We do not expect to pay dividends in the foreseeable future after the [REDACTED].

We currently intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements

and surplus, the amount of distributions received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. As a result, we cannot assure you that we will make any dividend payments on our Shares in the future.

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

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Appendix III—Summary of the Constitution of Our Company and Cayman Companies Law."

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Controlling Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

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

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

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

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document in making your [**REDACTED**] decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions as to whether to [**REDACTED**] in our [**REDACTED**].

In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and certificates of exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

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

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

(i) both of our Company's authorized representatives, Mr. Ye LIU, an executive Director, and Ms. Pui Chun Hannah SUEN (孫佩真), a joint company secretary of our Company, will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;

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

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

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

(v) our Company has, in compliance with Rule 3A.19 of the Listing Rules, appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), who will also act as an additional channel of communication with the Stock Exchange for the period commencing from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will maintain constant contact with the authorized representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules;

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

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

JOINT COMPANY SECRETARIES

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

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Yun JI (季芸) and Ms. Pui Chun Hannah SUEN (孫佩真) as our joint company secretaries. Ms. Ji has extensive experience in matters concerning the Board and our corporate governance. However, given that Ms. Ji does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Ji as our joint company secretary. In order to provide support to Ms. Ji, we have appointed Ms. Suen, an associate member of The Hong Kong Institute of Chartered Secretaries, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Ms. Ji, for a three-year period from the [**REDACTED**] so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties.

Such waiver will be revoked immediately if and when Ms. Suen ceases to provide such assistance. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Ji, having had the benefit of Ms. Suen's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary. See "Directors, Senior Management and Advisors" of this document for further information regarding the qualifications and experience of Ms. Ji and Ms. Suen.

WAIVER AND EXEMPTION IN RESPECT OF ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES CONDUCTED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountant's report to be included in a [**REDACTED**] document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accountants have been made up in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] document.

Pursuant to guidance letter HKEx-GL32-12 issued by the Stock Exchange ("**GL32-12**"), the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances. Pursuant to GL32-12, the Stock Exchange will ordinarily grant a waiver in relation to acquisitions of equity securities in the ordinary and usual course of business subject to the following conditions: (i) the percentage ratios (as defined under Rule 14.07 of the Listing Rules) of each acquisition are all less than 5% by reference to the most recent financial year of the applicant's trading record period, (ii) the applicant is neither able to exercise any control, nor has any significant influence, over the underlying company or business; and (iii) the listing document should include the reasons for the acquisitions and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are Independent Third Parties of the applicant and its connected persons.

Pursuant to paragraph 32 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the proceeds, or any part of the proceeds, of the issue of shares are applied in the purchase of any business, a separate accountants' report in relation to the business in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] is required.

On October 18, 2019, Ocumension Hong Kong entered into a cooperation agreement (the "**Cooperation Agreement**") with Suzhou Wuzhong Economic and Technological Development Zone Management Committee (蘇州吳中經濟技術開發區管理委員會) (the "**Management Committee**"), a local branch of the Suzhou government and an Independent Third Party of the Company, pursuant to which Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司) ("**Suzhou Xiaxiang**") was established on October 18, 2019 by Suzhou Wuzhong Asset Management Co., Ltd. (蘇州市吳中資產經營管理有限公司), a wholly owned subsidiary of the Management Committee and will construct manufacturing facilities for us in Suzhou according to our instructions to meet our future needs. Ocumension Suzhou is obligated to acquire 100% equity interest in Suzhou Xiaxiang upon completion of the Proposed [**REDACTED**] or within three years from the commencement of productions of Ocumension Suzhou, whichever is earlier, on the conditions that relevant completion procedures of construction have been completed and the property ownership certificates for the manufacturing facilities to be constructed by Suzhou Xiaxiang have been obtained (the "**Suzhou Xiaxiang Acquisition**"). Before the acquisition is completed, Suzhou Xiaxiang owns the land use rights and properties of the manufacturing facilities being constructed by it, and Ocumension Suzhou will lease such manufacturing facilities from Suzhou Xiaxiang. The rent will be paid and then returned in full to Ocumension Suzhou in the form of government grant. The consideration for the acquisition will be determined based on the valuation of land use right, properties and equipment owned by Suzhou Xiaxiang by an asset appraiser. The net amount to be paid in relation to the Suzhou Xiaxiang Acquisition after deduction of government grants is expected to be no more than RMB400 million. The Company proposes to use part of the [**REDACTED**] from the [**REDACTED**] to pay for part of the consideration. See "Future Plans and Use of [**REDACTED**]" in this document.

The Company (i) has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules; and (ii) has applied to the SFC for, and the SFC [has granted], a certificate of exemption pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 32 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

(a) Percentage ratio

Suzhou Xiaxiang was established on October 18, 2019 and it did not engage in any operation, generate any revenue or record any profit in 2019. The total assets of Suzhou Xiaxiang were nil as at December 31, 2019. The consideration for the acquisition has not been determined yet. Therefore, the applicable percentage ratios as required under Rule 14.07 of the Listing Rules are less than 5% and it will be not meaningful to disclose Suzhou Xiaxiang's audited financial report of 2019 in this document.

(b) Undue burden to prepare historical financial information

Suzhou Xiaxiang is under full control of the Management Committee, a local branch of the Suzhou government. As such, the Company does not have full access to the relevant financial records for purposes of audit by its reporting accountant and disclosure in this document. Therefore, having considered the immateriality of Suzhou Xiaxiang, it would be unduly burdensome for the Company to prepare and include the historical financial information of Suzhou Xiaxiang in this document.

(c) Disclosure in this document

With a view of allowing the potential [**REDACTED**] to understand the Suzhou Xiaxiang Acquisition in greater details, the Company has disclosed in this document the following information in relation to the Suzhou Xiaxiang Acquisition, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including: (a) the identity and background information of the counterparty; (b) a confirmation that the counterparty is an independent third party of the Company; (c) the basis on which the consideration will be determined; (d) the proposed use of [**REDACTED**] into the transaction; (e) reasons for and benefits of the transactions; and (f) other material terms of the cooperation agreement in relation to the acquisition. Please refer to the sections headed "Business" and "Future Plans and Use of [**REDACTED**]" for more details.

The Company also undertakes that once Ocumension Suzhou enters into the share purchase agreement relating to the Suzhou Xiaxiang Acquisition in the future, it will perform size tests pursuant to Rule 14.07 of the Listing Rules and comply with requirements under Chapter 14 of the Listing Rules.

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

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

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

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in this document a report prepared by the Company's auditor with respect to profits and losses of the Company in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] and the assets and liabilities of the Company at the last date to which the financial statements were prepared. According to paragraph 40 of Part III of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if in the case of a company which has been carrying on business, or of a business which has been carried on for less than three years, the financial statements of the company or business have only been prepared in respect of two years or one year, Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance shall have effect as if references to two years or one year, as the case may be, were substituted for references to three years. As such, references to "three years" under paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not be strictly applicable if paragraph 40 of Part III of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance applies to the Company.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the

circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

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

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years" as the case may be. Accordingly, we applied to the SFC for, and the SFC [has granted], a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the conditions that the particulars of the exemption are set forth in this document, on the following grounds:

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

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

(c) During the Track Record Period, we only generated revenue of approximately RMB0.2 million in 2019 from the limited sales of OT-401 under the Boao Pilot Program. We have just begun to commercialize two approved drug products in China, Ou Qin and brimonidine tartrate eye drop. Save as disclosed above, we have never generated any revenue from product sales during the Track Record Period. Details of major financing activities conducted by us since our incorporation have been fully disclosed in the section headed "History, Restructuring and Corporate Structure—Major Corporate Development and Shareholding Changes of Our Group" of this document;

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

(e) furthermore, Chapter 18A of the Listing Rules provides that the track record period for biotech companies in terms of financial disclosure is two years. As the Company was incorporated in February 2018 and accordingly it has no financial information of 2017, section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not be strictly applicable to our Company.

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

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[**REDACTED**]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[**REDACTED**]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Lian Yong CHEN	2001 Longdong Avenue Pudong New District Shanghai, 201203 PRC	American
Mr. Ye LIU	Lane 390, Huapeng Road Pudong New District Shanghai PRC	Canadian
Dr. Zhaopeng HU (胡兆鹏)	Gate 3, Building 9 Dongjunzhuang Chaoyang District Beijing PRC	Chinese
Dr. Wei LI	Prentiss Lane Belmont MA 02478 United States of America	American
Non-executive Directors		
Mr. Yanling CAO (曹彦凌)	16/F, Tower 5 Bel Air On the Peak Island South (Phase IV) 68 Bel Air Peak Avenue, Pok Fu Lam Hong Kong	Chinese (Hong Kong)
Mr. Lefei SUN (孫樂非)	12/F, Bauhinia Serviced Apartment 119 Connaught Road Central Hong Kong	Chinese (Hong Kong)

Independent non-executive Directors

Mr. Ting Yuk Anthony WU (胡定旭)	Four Seasons Place 8 Finance Street Central Hong Kong	Chinese (Hong Kong)
Mr. Lianming HE (何連明)	42, 4-chome Bunkyo-ku Tokyo Japan	Chinese
Mr. Yiran HUANG (黃翼然)	No. 3, Lane 55, Dujuan road Pudong New District Shanghai PRC	Chinese

Please see the section headed "Directors, Senior Management and Advisors—Board of Directors" in this document for further details of our Directors.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED]

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

[REDACTED]

Legal advisors to our Company

As to Hong Kong and United States laws:

Sidley Austin
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8 Finance Street
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As to PRC laws:

Zhong Lun Law Firm
6/10/11/16/17F, Two IFC
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Pudong New Area
Shanghai
PRC

As to Cayman Islands laws:

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Wanchai
Hong Kong

Legal advisors to the Joint Sponsors and [REDACTED]

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Hong Kong

As to PRC laws:

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10/F, Tower B
China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District
Beijing
PRC

Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F One Pacific Place 88 Queensway Admiralty Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1014 – 1018, Tower B Greenland Center 500 Yunjin Road Xuhui District Shanghai, 200232 PRC

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	The offices of Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands
Head Office and Principal Place of Business in the PRC	502-1 Want Want Plaza 211 Shimen Yi Road Jing'an District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.ocumension.com** *(information on this website does not form part of this document)*
Joint Company Secretaries	Ms. Yun JI (季芸) No. 99, Jimo Road Pudong New District Shanghai PRC Ms. Pui Chun Hannah SUEN (孫佩真) *Associate member of the Hong Kong Institute of Chartered Secretaries* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives	Mr. Ye LIU Lane 390, Huapeng Road Pudong New District Shanghai PRC Ms. Pui Chun Hannah SUEN 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Ting Yuk Anthony WU *(Chairman)* Mr. Lianming HE Mr. Yiran HUANG
Remuneration Committee	Mr. Lianming HE *(Chairman)* Mr. Ting Yuk Anthony WU Mr. Yiran HUANG
Nomination Committee	Dr. Lian Yong CHEN *(Chairman)* Mr. Lianming HE Mr. Yiran HUANG
Compliance Adviser	Somerley Capital Limited 20th Floor, China Building 29 Queen's Road Central Central, Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Principal Bank

China Merchants Bank
Shanghai Zhangjiang Branch
1/F, German Center
88 Keyuan Road
Pudong New District
Shanghai
PRC

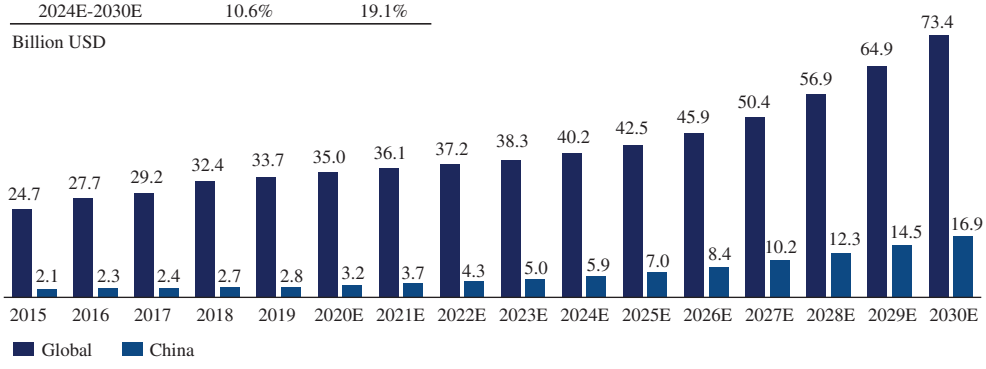
The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and academic research. In addition, we commissioned Frost & Sullivan to prepare the Frost & Sullivan Report, upon which this section is based. See "—Source of Information." We believe that the source of this information is an appropriate source 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 and non-official sources has not been independently verified by us, the* [REDACTED]*, Joint Sponsors,* [REDACTED]*,* [REDACTED]*, any of the* [REDACTED]*, any of their respective directors and advisers, or any other persons or parties involved in the* [REDACTED]*, save for Frost & Sullivan, and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon.

OVERVIEW OF CHINA'S OPHTHALMIC DRUG MARKET

China's ophthalmic drug market has grown rapidly in recent years. The market size of ophthalmic drugs in China grew from US$2.1 billion in 2015 to US$2.8 billion in 2019, representing a CAGR of 8.0%. It is estimated to further grow to US$5.9 billion in 2024 at a CAGR of 16.0% from 2019, and to US$16.9 billion in 2030 at a CAGR of 19.1% from 2024. The chart below illustrates the historical and estimated size of China's ophthalmic drug market in comparison with the global ophthalmic drug market:

Global and China Ophthalmic Pharmaceutical Market, 2015-2030E

CAGR	Global	China
2015-2019	8.0%	8.0%
2019-2024E	3.6%	16.0%
2024E-2030E	10.6%	19.1%

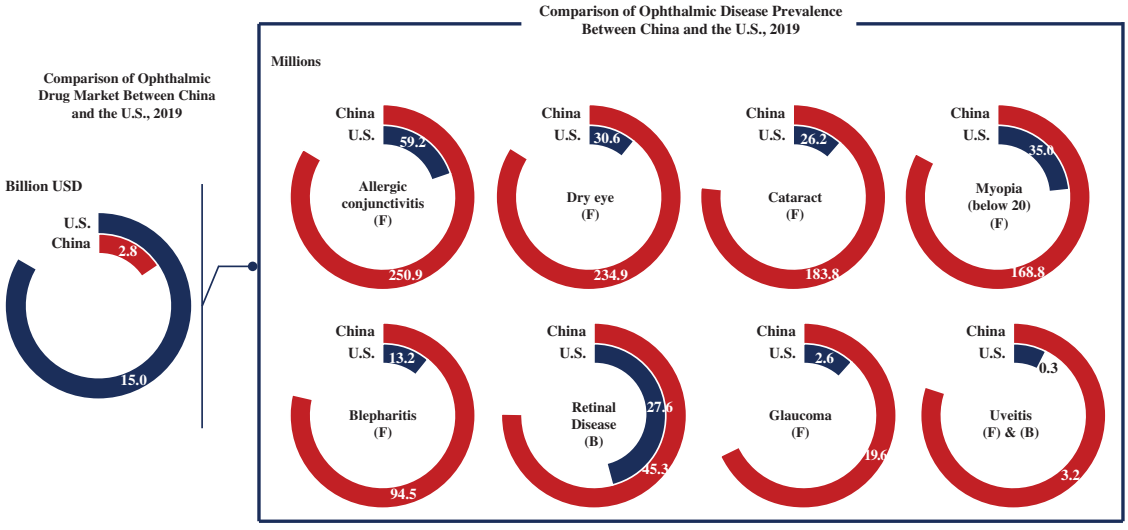


Source: Frost & Sullivan Analysis

Note: Frost & Sullivan confirms that the projection of industry performance has taken into account the COVID-19 outbreak. Patients of serious ophthalmic disease have little obstacles to obtain medicines and the COVID-19 outbreak has not materially impacted the ophthalmic drug market.

Key Trends in the Treatment of Eye Diseases

Eye diseases refer to the conditions that affect any of the eye components such as cornea, iris, pupil, optic nerve, lens, retina, macula, choroid, conjunctiva or the vitreous. According to Frost & Sullivan, the top 10 most prevalent eye diseases in China in 2019 included refractive errors (including myopia, hyperopia, presbyopia and astigmatism), conjunctivitis, dry eye, cataract, blepharitis, retinal diseases, strabismus, amblyopia, glaucoma and uveitis. Among the top 10 eye diseases, most refractive errors (except for myopia), strabismus and amblyopia are mainly treated by corrective lenses rather than medication. The following diagram sets forth the prevalence of the major eye diseases mainly treated by medication in China and the United States. The comparison indicates that the patient populations of such major eye diseases in China were much larger than those in the United States, whereas the size of China's ophthalmic drug market was only one-fifth of that of the United States in 2019, indicating a strong growth potential of China's ophthalmic drug market:



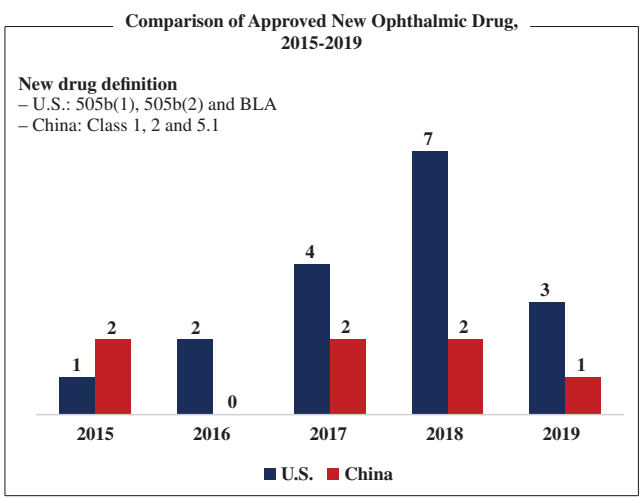
Source: Frost & Sullivan Analysis

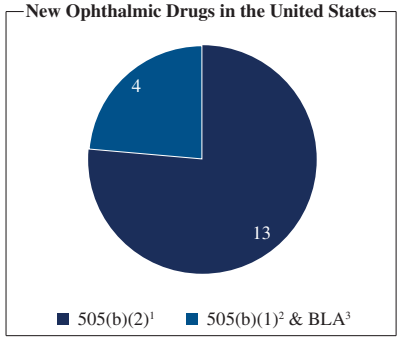
Notes:

(1) "F" refers to front-of-the-eye diseases; "B" refers to back-of-the-eye diseases.

(2) Frost & Sullivan confirms that all Frost & Sullivan analyses are indicative of the latest updates and published guidelines of the American Academy of Ophthalmology. There are certain differences in the treatment guidelines in the U.S. and in China, but there are no major differences on treatment paradigm.

Limited by the slow progress in scientific research on the pathogenesis of eye diseases and disorders, the drug discovery efforts of ophthalmic pharmaceutical companies worldwide primarily focus on developing new formulations and new dosage forms that possess advantages over currently approved drug products rather than discovering new targets or new mechanisms of action. Only seven new ophthalmic drugs have been approved in China since 2015, all of which had been developed by MNCs and approved before 2015 outside of China. By comparison, 17 new ophthalmic drugs have been approved in the United States since 2015. Among them, one was discontinued shortly after approval and six are formulation of chemical entities that have been approved and marketed in China. The remaining ten drugs are not yet available in China in any formulation. The charts below set forth details of the new ophthalmic drugs approved in China and the United States since 2015:





New Ophthalmic Drugs in China

- all 7 are imported innovative drugs.
- 5 out of 7 drugs were approved by the FDA and the other 2 were approved by the Pharmaceuticals and Medical Devices Agency of Japan.

Source: FDA, Pharmaceuticals and Medical Devices Agency, NMPA, Frost & Sullivan Analysis

Notes:

1. An NDA submitted under 505(b)(2) is an application that contains full reports of investigations of safety and effectiveness but where at least some of the information required for approval is from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference.

2. An NDA submitted under 505(b)(1) is an application that contains full reports of investigations of safety and effectiveness.

3. A biologics license application (BLA) is an application for permission to introduce, or deliver for introduction, a biologic product into interstate commerce.

The significant unmet medical needs in ophthalmic clinical practice in China are attributable to the limited number of qualified ophthalmologists and effective medications. In 2018, there were only 30.2 ophthalmologists per million population in China, compared to 51.5 in the United States, according to Frost & Sullivan. To address these huge unmet needs, tremendous efforts have been made to train ophthalmologists and encourage new drug discovery. In addition, the PRC government is dedicated to improving access to core treatments through the health insurance programs. These measures are likely to reduce the medical costs substantially and make these drugs more affordable for eye patients.

Key Drivers of the Ophthalmic Drug Market in China

Expanding patient pool. A large number of people in China suffer from eye diseases and disorders, and this number is expected to further grow because of an accelerating aging population, overuse of electronic screens as well as environmental pollution. Increasing prevalence of eye diseases, together with the broad disease coverage of all age groups, drives the growth of China's ophthalmic drug market.

Increasing treatment demand. Vision impairment and the associated complications caused by eye diseases not only affect patients' quality of life, but also impose economic and emotional burdens on their caregivers and the society. As the living standards in China continue to rise, and the public awareness of eye diseases improves, demand for better healthcare in eye diseases will keep growing in the future and drives the overall growth of China's ophthalmic drug market.

Development of novel therapies. The research in ophthalmology has progressed steadily. Anti-VEGF biologics have been identified as effective therapies for retinal diseases and treatment options using anti-VEGF biologics have continued to expand. Topical PGAs are gradually emerging as better, safer choices for lowering IOP. Substantial advances in ophthalmic treatments are expected in the coming years and will lay the foundation for the overall market growth.

Favorable governmental policies. China has made great efforts in enhancing eye health in the past few decades. In 2016, China adopted a Five-Year National Plan for Eye Heath ("十三五"全國眼健康規劃(2016-2020年)), aiming to reduce the burden of major vision-threatening eye diseases. In addition, the Chinese government promulgated a series of policies to shorten the review and approval interval for innovative drugs, which will further accelerate the development and commercialization of drugs with potential to address urgent, unmet clinical needs in the ophthalmic field. The favorable government policies will encourage the ophthalmic drug market to grow rapidly. See "Regulations—PRC Laws and Regulations—Regulation on Pharmaceutical Product Development, Approval and Registration" for details of favorable governmental policies and ongoing health care reforms.

Increasing affordability. In the past five years, the average disposable income of Chinese residents grew significantly to RMB30,733.0 in 2019. In addition, the PRC government is dedicated to improving access to core treatments through the health insurance programs. For example, the NRDL included olopatadine for allergic conjunctivitis patients in 2017, and further incorporated anti-VEGF drugs for wet AMD patients in 2017 as well. Both the increase in disposable income and the expansion of medical reimbursement coverage are expected to make ophthalmic drugs more accessible and present new opportunities for China's ophthalmic drug market.

Competitive Landscape of the Ophthalmic Drug Market in China

There are only a limited number of specialized and dedicated ophthalmic pharmaceutical companies in China, such as Santen, Allergan, Bausch & Lomb and Sinqi, most of which are MNCs. Only a few ophthalmic pharmaceutical companies have a drug portfolio that covers both front- and back-of-the-eye diseases. The following table sets forth a comparison of our major competitive peers and their major drug assets:

Company	Market Share 2019	Drug Assets	Chinese Name	Earliest Approval Time	Eye Indication	Addressable Patients(2019)
Company A	12.9%	Tobramycin and Dexamethasone	妥布霉素地塞米松	2013	Ocular inflammation	Blepharitis: 94.5 million Postoperative endophthalmitis prevention: 4.3 million
		Brinzolamide	布林佐胺	2014	Glaucoma	19.6 million
		Olopatadine Hydrochloride	鹽酸奧洛他定	2018	Allergic conjunctivitis	250.9 million
		Travoprost	曲伏前列素	2018	Glaucoma	19.6 million
		Ranibizumab	雷珠單抗	2011	wAMD, DME, mCNV, RVO	18.3 million
Company B	7.3%	Sodium Hyaluronate	玻璃酸鈉	2003	Dry eye	23.5 million
		Levofloxacin	左氧氟沙星	2009	Anti-infection	Bacterial Conjunctivitis: 29.4 million Postoperative endophthalmitis prevention: 4.3 million
		Ofloxacin	氧氟沙星	2007	Anti-infection	Bacterial Conjunctivitis: 29.4 million Postoperative endophthalmitis prevention: 4.3 million
		Fluorometholone	氟米龍	2007	Anti-inflamation	Blepharitis: 94.5 million Postoperative endophthalmitis prevention: 4.3 million Allergic Conjunctivitis: 250.9 million
Company C	3.0%	Brimonidine Tartrate	酒石酸溴莫尼定	1999	Glaucoma	19.6 million
		Prednisolone Acetate	醋酸潑尼松龍	2017	Ocular inflammation	Blepharitis: 94.5 million
		Bimatoprost	貝美前列素	2015	Glaucoma	19.6 million
Company D	2.8%	Deproteinized Calf Blood Extract	小牛血去蛋白提取物	2007	Anti-inflamation	Allergic Conjunctivitis: 250.9 million
		Diclofenac Sodium	雙氯芬酸鈉	1996	Anti-inflamation	Postoperative endophthalmitis prevention: 4.3 million
		Gatifloxacin	加替沙星	2009	Anti-infection	Bacterial Conjunctivitis: 29.4 million Postoperative endophthalmitis prevention: 4.3 million
		Atropine Sulfate	硫酸阿托品	2009	Iridocyclitis, Mydriatic	Refractive error: more than 900 million
		Ofloxacin	氧氟沙星	1994	Anti-infection	Bacterial Conjunctivitis: 29.4 million Postoperative endophthalmitis prevention: 4.3 million
Company E	1.1%	Sodium Hyaluronate	玻璃酸鈉	2005	Dry eye	23.5 million
		Loteprednol Etabonate	氯替潑諾	2011	Anti-inflamation	Blepharitis: 94.5 million

Source: NMPA, Frost & Sullivan Analysis

Licensing is a common business model in the ophthalmology pharmaceutical industry. Four out of seven new ophthalmic drugs approved in China since 2015 were in-licensed, according to Frost & Sullivan. In recent years, other Chinese pharmaceutical companies have in-licensed plenty of ophthalmic drugs from outside China, according to Frost & Sullivan, including, for example, Jiangsu Hengrui Medicine Co., Ltd. (SH.600276), which has in-licensed CyclASol and NOV03 from Novaliq GmbH, Arctic Vision Ltd., which has in-licensed XIPERE from Clearsider Biomedical, Inc. (NASDAQ.CLSD), and Essex Bio-Technology Limited (HK.1061), which has in-licensed SkQ1 from Mitotech S.A..

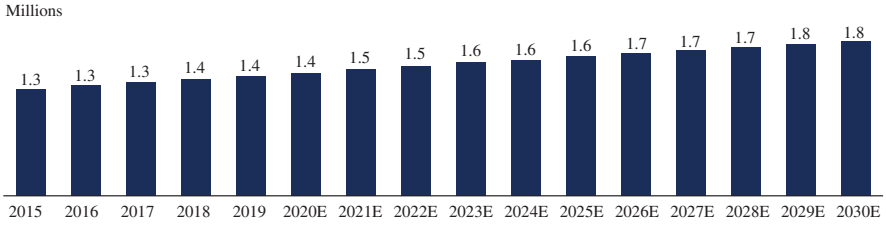
NIPU

Uveitis is characterized by inflammation of uvea. It produces swelling and destroys eye tissues, and can lead to severe vision loss. There are four types of uveitis depending on the part of uvea that is affected, namely, anterior uveitis, intermediate uveitis, posterior uveitis and panuveitis. Uveitis affecting the posterior segment is one of the major types of eye diseases that causes permanent vision loss, especially in young adults. A retrospective study showed that the mean age of onset of blindness is 34 years old, and blindness is noted in 25.3% of the patients with posterior uveitis and panuveitis. Uveitis can also be categorized into infectious uveitis and non-infectious uveitis. Infectious uveitis is typically caused by bacteria, fungi, parasites or viruses. Non-infectious uveitis is typically caused by problems intrinsic to the eye or conditions associated with systemic autoimmune diseases. The NIPU drug market is expected to continue to grow as driven by innovations in the diagnosis and treatment of uveitis, the increasing affordability of treatments and the increase in the number of qualified practitioners.

Uveitis is one of the leading causes of blindness worldwide, particularly in young adults. The prevalence of NIPU in China grew from 1.3 million in 2015 to 1.4 million in 2019, representing a CAGR of 2.9%. It is estimated to reach 1.6 million in 2024 at a CAGR of 2.6% from 2019, and further grow to 1.8 million in 2030 at a CAGR of 2.1% from 2024. The following chart illustrates the prevalence of NIPU in China:

Prevalence of Non-infectious Uveitis Affecting Posterior Segment in China, 2015-2030E

Period	CAGR
2015-2019	2.9%
2019-2024E	2.6%
2024E-2030E	2.1%



Source: Frost & Sullivan literature review and analysis

Treatment Paradigm and Unmet Medical Needs

Early detection and treatment of NIPU is crucial to reduce the risk of vision loss. Currently, there is no standard of care for NIPU in China. The overarching principle for NIPU treatment is to control inflammation at the back of eye. Currently, the mainstay therapy of NIPU generally includes local administration of a corticosteroid, systemic steroid administration or immuno-suppressants if there is a lack of sufficient response. The following table illustrates the comparison of different corticosteroid regimens:

	Periocular/Intravitreal administration	Corticosteroid implants[1]	Oral/Intravenous administration
Type of therapy	Local	Local	Systemic
Frequency of administration	3-4 months	Up to 3 years	Daily
Medication	Triamcinolone acetonide	Fluocinolone acetonide Dexamethasone	Prednisone
Side effects	• Ocular side effects • Adverse outcome of repeated injection	• Ocular side effects only	• Systemic side effects • Ocular side effects
Strengths	• High-concentration drug with greater ocular penetration • Minimal systemic side effects	• Sustained control of inflammation • Avoids complications associated with repeated injection • Minimal systemic side effects	• Effective when uveitis is related to systemic disease • Non-invasive for oral form
Recurrence	Most patients experience recurrence within 6 months following injection	21.8% of patients experience relapse within 6 months of follow-up	Treatment period < 6 month: ~50% patients experience relapse Treatment period ≥ 6 month: ~5% patients experience relapse

Source: Frost & Sullivan literature review and analysis, Company Information

Note:

1. Currently, no corticosteroid implants indicated for chronic NIU-PS have been approved by the NMPA. Information regarding corticosteroid implants is based in YUTIQ clinical data from FDA-approved label.

The high rate of recurrence and chronicity of uveitis make the treatment for this disease expensive. The increasing affordability has a positive impact on patients' willingness for treatment. Particularly, patients are more willing to try novel and efficacious therapies. Local therapy with steroid implants are gaining popularity in the long-term management of posterior uveitis. Globally, there are only three marketed steroid implants indicated for chronic NIU-PS. None of these implants are currently available for uveitis patients in China. OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China. The following table illustrates a comparison of globally marketed steroid implants:

	Company	FDA Approval Time	Compound	Implantation procedure	Indicated population	Duration of action	Endpoint in clinical study	Treatment Effect (represented by recurrence rates)
OT-401	OcuMension/ Eyepoint	2018	Fluoccinolone acetonide 0.18 mg	Preloaded needle applicator that can be administered in the physician's office	Patients aged 18 and older, with chronic noninfectious uveitis affecting posterior segment of the eye	36 months	Recurrence in the study eye within 6 months following implantation	OT-401 (21.8%): Sham (53.8%)
Retisert	Bausch & Lomb	2005	Fluoccinolone acetonide 0.59 mg	Implanted via pars plana incision and secured by a suture in the sclera in an operating room setting	Patients aged 7 and older, with chronic recurrent non-infectious posterior uveitis	30 months	Recurrence of uveitis in the study eye within 34 weeks following implantation	Retisert (14%): Sham (40%)
Ozurdex	Allergan	2009	Dexamethasone 0.7 mg	Given intravitreally via injector in an office-based procedure	Patients aged 18 and older, with noninfectious intermediate or posterior uveitis	6 months	Proportion of patients with vitreous haze score of 0 (no inflammation) at week 8	Ozerdex (53%); Sham (88%)

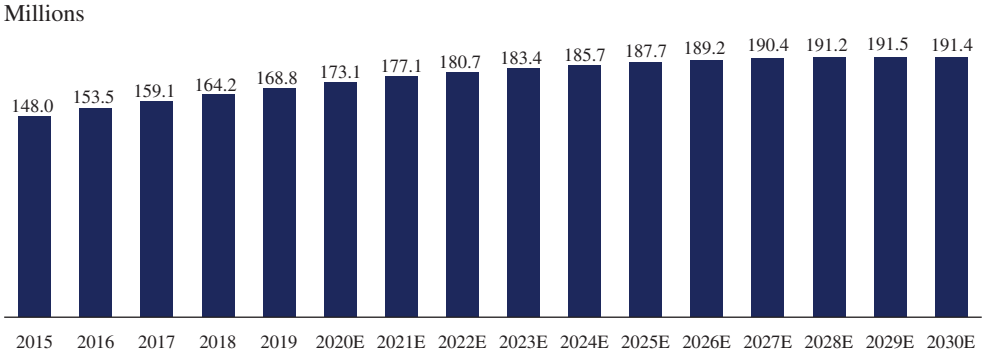
Source: Frost & Sullivan literature review and analysis, Company Information

MYOPIA

Myopia is a vision condition in which close objects are seen clearly, but objects farther away appear blurred. Myopia is usually caused by an elongation of the eyeball, causing the image to be focused in front of the retina. The prevalence of myopia in children and adolescents in China grew from 148.0 million in 2015 to 168.8 million in 2019, representing a CAGR of 3.3%. It is estimated to further grow to 185.7 million in 2024 at a CAGR of 1.9% from 2019, and 191.4 million in 2030 at a CAGR of 0.5% from 2024. The myopia drug market is expected to continue to grow as driven by the large patient population and the proven efficacy of myopia medication. The chart below illustrates the prevalence of myopia in population aged below 20 in China:

Prevalence of Myopia in Population Aged below 20 in China, 2015-2030E

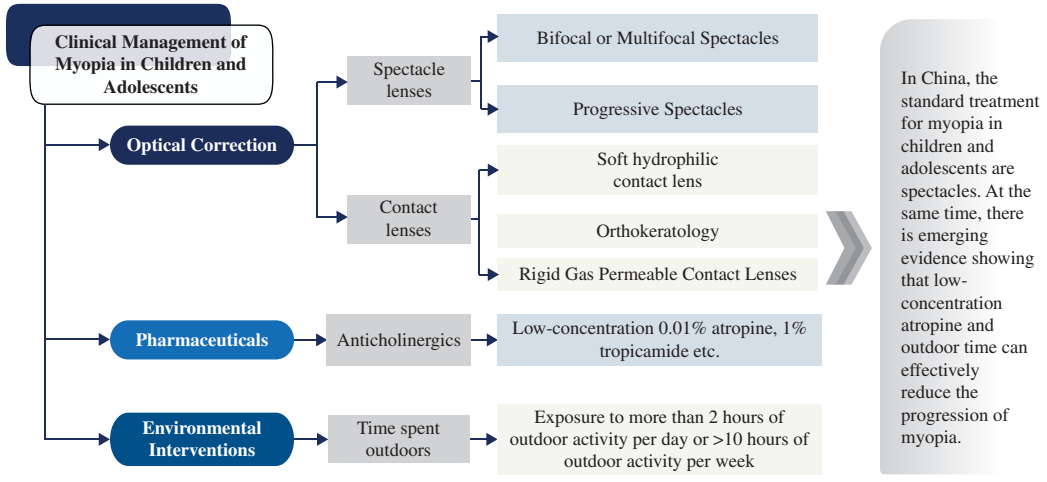
Period	CAGR
2015-2019	3.3%
2019-2024E	1.9%
2024E-2030E	0.5%



Source: Frost & Sullivan literature review and analysis

Treatment Paradigm and Unmet Medical Needs

Myopia tends to progress rapidly between the ages of 5 and 15, and usually stabilizes by the end of one's early 20s. Therefore, prevention or control of the progression of myopia is critical for children and adolescents. Current treatments include (i) optical correction, including spectacle lenses and contact lenses; (ii) use of antimuscarinic eye drops; and (iii) exposure to outdoor activities:



Source: Frost & Sullivan literature review and analysis

While corrective lenses remain the mainstay of vision correction in myopic children and adolescents, its effect in delaying the progression of myopia is limited. Compared to corrective lenses and contact lenses, atropine leads to considerable reduction in myopia progression in terms of refraction change and axial change. The following table sets forth a comparison of corrective lenses and contact lenses and atropine in slowing progression of myopia:

	Subtypes	Mean difference in refraction change, D/yr	Mean difference in axial change, mm/yr	Shortcomings	Strengths
Corrective lenses	Bifocal corrective lenses	0.26	-0.08	• Distort vision at the edge of the lens if astigmatism exists	• Large field of view • Less chromatic aberrations • High affordability
	Progressive spectacles	0.17	-0.05		
Contact lenses	Soft hydrophilic contact lens	0.06	-0.01	• Children are less likely to follow hygiene and safety practice • May induce problems related to cornea, eyelid and dryness of the eye • Relatively expensive	• More natural vision compared to glasses • Cosmetically acceptable, more easily handled, and more convenient for daily activities
	Orthokeratology	-	-0.15		
	Rigid Gas Permeable Contact Lenses	-0.03	0.02		
Atropine eye drops	High-concentration (1% or 0.5%)	0.68	-0.22	• Long term high-concentration atropine use may have potential risks including, local allergic and systemic reactions • Possible myopic rebound if atropine is stopped suddenly	• Clear effects in myopia control, better outcome than corrective lenses and contact lenses
	Moderate-dose (0.1%)	0.53	-0.22		
	Low-concentration (0.01%)	0.53	-0.15		

Source: Frost & Sullivan literature review and analysis

Note: For all comparisons, the stated values represent the differences in final refraction or axial elongation between the stated intervention and the single vision corrective lenses. In terms of refractive error, a positive indicates that the stated intervention is better. In terms of axial length, a negative indicates the first intervention is better.

Anticholinergic drugs are one of the few effective drugs in myopia control. Although anticholinergic agents have been extensively studied in scientific research, there are only two pharmaceutical agents approved by the NMPA around 30 years ago for use as myopia treatments, namely tropicamide eye drops and raceanisodamine eye drops.

Among ophthalmic anticholinergics, low-concentration atropine is found to have a reliable effect in slowing myopia progression and a good safety profile. In addition, atropine is the only anticholinergic recommended in Appropriate Technical Guidelines for Prevention and Control of Myopia in Children and Adolescents (兒童青少年近視防控適宜技術指南). It has emerged as the most promising myopia-control eye drops. High-concentration (0.5-1%) atropine has been shown to be effective in reducing myopia progression but also proved to have more occurrences of adverse effects. Low-concentration (0.01%) atropine can also effectively control myopia progression, with significantly fewer adverse effects compared to high-concentration atropine. The instability of low-concentration atropine solutions has long been a technical barrier. At 25ºC and neutral pH, 0.01% atropine remains stable for only 2-8 weeks, which limited its usage in myopia treatment. Globally, there are a total of four clinical trials investigating the efficacy of atropine for myopia control. Three of them have reached Phase III clinical trial stage. The following table sets forth a comparison between the four clinical-stage drugs and OT-101:

Drug Code/ Name	Sponsor	Age Group	Clinical Phase	Regulatory Authority	First Posted Date
NVK-002	Nevakar , LLC	3 - 17 years	III	FDA	2017/11/22
SYD-101	Sydnexis , Inc.	3 - 14 years	III	FDA	2019/4/18
Atropine 0.01% Ophthalmic Solution	Eyenovia Inc.	3 - 12 years	III	FDA	2019/5/8
Atropine 0.01% Eye Drop	Sinqi	6 – 12 years	III	NMPA	2020/05/27
DE-127 Ophthalmic Solution	Santen Pharmaceutical Co., Ltd.	6 - 11 years	II	Singapore HSA	2017/11/6
OT-101	Ocumension	5 -14 years	Pre -clinical	-	N/A

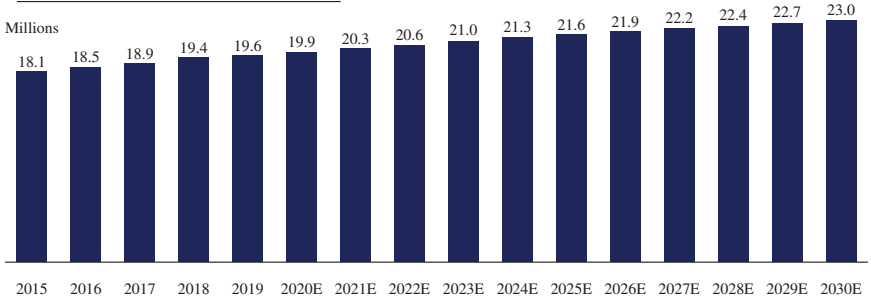
Source: NMPA, FDA, Frost & Sullivan Analysis

GLAUCOMA

Glaucoma is a group of degenerative diseases due to elevated IOP, which damages the optic nerve and leads to vision loss and eventually blindness if not treated. Glaucoma is the second-leading cause of irreversible blindness worldwide. The prevalence of glaucoma in China increased from 18.1 million in 2015 to 19.6 million in 2019, representing a CAGR of 2.0%. It is estimated to further increase to 21.3 million in 2024 at a CAGR of 1.7% from 2019, and 23.0 million in 2030 at a CAGR of 1.2% from 2024. The glaucoma drug market is expected to continue to grow as driven by the aging population and improvements in diagnostic technology. The following chart illustrates the prevalence of glaucoma in China:

Prevalence of Glaucoma in China, 2015-2030E

Period	CAGR
2015-2019	2.0%
2019-2024E	1.7%
2024E-2030E	1.2%



Source: Frost & Sullivan literature review and analysis

Glaucoma can be primarily divided into two types, open-angle glaucoma and angle-closure glaucoma, based on whether the anterior chamber angle, which is where the majority of ocular fluid outflow, is open or closed. In contrast to angle-closure glaucoma where patients experience obvious symptoms and signs, individuals with open-angle glaucoma rarely experience symptoms. Thus, open-angle glaucoma is poorly diagnosed and generally detected incidentally during comprehensive ophthalmic examination or at a relatively late stage where the risk of irreversible visual loss is high. Of the 19.6 million patients with glaucoma in China in 2019, 43.9% had open-angle glaucoma and 56.1% had angle-closure glaucoma.

Treatment Paradigm and Unmet Medical Needs of Glaucoma

The dominant approaches to treating glaucoma encompass pharmacologic therapy, laser therapy and conventional surgery. The ultimate goal of glaucoma treatment is to preserve enough vision during the patient's lifetime to meet functional needs. Treatment typically aims to delay, stop and ideally reverse the damage to the optic nerve and ganglion cell layer. The only way proven to slow or stop damage from progressing is to reduce IOP to be below the level that will cause continued damage to the optic nerve. Therefore, the overarching principle in many glaucoma treatment guidelines is to reduce IOP to a target level.

Among different types of glaucoma drugs, topical PGAs are considered the mainstream treatments due to their efficacy and safety in lowering IOP. Below is a comparison of common IOP-lowering agents:

	IOP Reduction (%)	Frequency	Adverse Effects	Strengths
Prostaglandin (PGAs)	-25.0-33.0%	Once per day	• Blurred vision, increased pigmentation of eye color, or irritation of eye.	• Strong IOP lowering effect • Minimal side effects • Less diurnal IOP variation • Preferred dosage scheme
Beta-adrenergic antagonists (beta-blockers)	-20.0-25.0%	Once or twice per day	• Blurred vision, a burning or stinging in the eye. • Adverse side effects in individuals with heart problems, lung problems, depression.	• Potential neuroprotective effect
Alpha adrenergic agonists	-20.0-25.0%	Three times per day	• Higher likelihood of allergic reactions • Systemic side effects including somnolence and fatigue	• Protecting cardio-pulmonary function
Topical carbonic anhydrase inhibitors (CAIs)	-15.0-20.0%	Four times per day when monotherapy, or twice per day as an adjunctive treatment	• Burning/stinging on instillation, ocular hyperemia, and discharge	• Few systemic adverse effects
Cholinergic agonists	-20.0-25.0%	Three times per day when monotherapy, or twice per day as adjunctive treatment	• Brow-ache, dim vision, blurred vision and headache • May cause uveitis and pupil reduction	• Relatively inexpensive • Comparable IOP-lowering outcome as PGAs

Source: Primary Open-Angle Glaucoma Preferred Practice Pattern, Frost & Sullivan Analysis

Note: These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

Currently marketed PGA drugs in China include PGA monotherapy eye drops and fixed-dose combination PGA eye drops. The PGA monotherapy eye drops are composed of one type of PGA, while the fixed-dose combination PGA eye drops combine PGAs and other active ingredients in a single dosage form. Fixed-dose combination PGA eye drops usually result in more adverse effects than PGA monotherapy eye drops and have potential teratogenic risks. Under medical guidelines, the PGA monotherapy eye drops are recommended as first-line therapy, the fixed-combination eye drops are only used in patients with progression or who have failed to achieve the target IOP. The following table sets forth a summary of competing PGA eye drops approved by the NMPA:

Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion(1)	Price(2) per ml (RMB)
	Trade Name	Manufacturer				
PGA Monotherapy Eye Drops						
Latanoprost	Xalatan®	輝瑞/Pfizer	5	1999	√	53.3
Travoprost	Travatan®	諾華/Novartis	1	2004	√	67.3
Bimatoprost	Lumigan®	艾爾建/Allergan	0	2005	√	47.6
Tafluprost	Tapros®	參天/Santen	0	2015	√	29.9
Fixed-dose Combination PGA Eye Drops						
Latanoprost/Timolol Maleate	Xalacom®	輝瑞/Pfizer	1	2008	×	78.1
Bimatoprost/Timolol Maleate	Ganfort®	艾爾建/Allergan	0	2013	×	50.0
Travoprost/Timolol Maleate	DuoTrav®	諾華/Novartis	0	2014	×	74.3

Source: NMPA, Frost & Sullivan Analysis

Note:

(1) Refers to the 2020 NRDL which is currently in effect.

(2) Refers to the hospital procurement price.

Comparison between OT-301 and Other PGA Monotherapy Eye Drops

Compared to other current PGA monotherapy eye drops, OT-301 employs a dual mechanism of action, which allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect for the treatment of glaucoma. It adds NO-mediated efficacy to bimatoprost, which is marketed under the brand name LUMIGAN and considered the most efficacious PGA among those approved to date, according to Frost & Sullivan. In OT-301's completed Phase II clinical trial, it demonstrated

both statistically significant non-inferiority for the primary endpoint and superiority for a secondary endpoint over latanoprost (0.005% concentration), the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, with greater IOP reduction. The table below illustrates a comparison of OT-301 and other PGAs:

	OT-301	VYZULTA (Latanoprostene Bunod 0.024%)	Lumigan (Bimatoprost 0.01%)	Travatan Z (Travoprost 0.004%)	XALATAN (Latanoprost 0.005%)	TAPROS (Tafluprost 0.0015%)
Reduction in Mean IOP	7.6-9.8 mmHg	7.0-9.0 mmHg	≤7.5 mmHg	7.0-8.0 mmHg	6.0-8.0 mmHg	6.0-8.0 mmHg
Patient Mean Baseline IOP	26.8 mmHg	26.7 mmHg	23.5 mmHg	25.0-27.0 mmHg	24.0-25.0 mmHg	23.0-26.0 mmHg
Typical Adverse Events (Incidence ≥5%)	Conjunctival hyperemia (16.8%)	Conjunctival hyperemia (6%)	Conjunctival hyperemia (25%-45%); ocular pruritus (>10%)	Conjunctival hyperemia (30%-50%); decreased visual acuity, foreign body sensation, pain and pruritus (5%-10%)	Blurred vision, burning and stinging, conjunctival hyperemia, foreign body sensation, increased pigmentation of the iris, punctate epithelial keratopathy (5-15%)	Conjunctival hyperemia(4%-20%); ocular stinging and irritation (7%); allergic conjunctivitis (5%)

Source: FDA, Company Information, Frost & Sullivan Analysis

Note: These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

There are only two registered clinical trials for PGAs targeting the glaucoma indication in China. The only indication under Phase III investigation is a fixed-dose combination PGA eye drop, and the other Phase I medication developed by Sinqi is a conventional monotherapy PGA:

Drug Code	Sponsor	Clinical Phase	Regulatory Authority	Initial Publication Date(1)
Fixed-dose Combination PGA Eye Drops				
DE-111A Eye Drops (Tafluprost/timolol maleate)	Santen Pharmaceutical	III	NMPA	2018/11/26
PGA Monotherapy Eye Drops				
Latanoprost Eye Gel	Sinqi Pharmaceutical	I	NMPA	2014/04/02

Source: CDE, Frost & Sullivan Analysis

Note:

(1) Refers to the date on which the information of the respective clinical trial is published for the first time.

Carbonic anhydrase inhibitors, or CAIs, and hyperosmotic agents are the most commonly used drugs prior to surgery to prevent glaucoma due to their marked IOP reduction effect. Both options have a series of systemic side effects and hyperosmotic agents are especially dangerous for patients with predisposing cardiopulmonary risks. Currently, only two systemic CAIs,

acetazolamide and methazolamide, have been approved by the NMPA and included in the NRDL. Both approved CAIs are in the form of orally administered tablets. There are no injectable systemic CAIs at clinical phase.

Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per Tablet (RMB)
	Trade Name	Manufacturer				
Systemic CAIs Tablets						
Acetazolamide	N.A.	天津力生製藥/ Tianjin Lisheng Pharmaceutical	11	1983	√	0.04
Methazolamide	尼目克司/ NiMuKeSi®	杭州澳醫保靈藥業/ Hangzhou Aoyi Baoling Pharmaceutical	0	2000	√	0.06

Source: NMPA, Frost & Sullivan Analysis

Comparison between Competing Brimonidine Tartrate Eye Drops

Brimonidine tartrate eye drop is indicated for the treatment of open-angle glaucoma and ocular hypertension. Brimonidine tartrate is an alpha-2 adrenergic receptor agonist, which may lower intraocular pressure by reducing aqueous humor formation and enhancing uveoscleral outflow. The following table sets forth a comparison between our brimonidine tartrate eye drops and competing brimonidine tartrate eye drops marketed in China:

Category		Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Bidding Price of per ml (RMB)
		Brand Name	Manufacturer				
0.15%	5ml:7.5mg	阿法根 /Alphagan	艾爾建/Allergan	0	2009	√	14.6
	10ml:15mg	阿法根 /Alphagan	艾爾建/Allergan	0	2009	√	x
0.2%	5ml:10mg	阿法根 /Alphagan	艾爾建/Allergan	3	2005	√	6.9
		–	匯恩蘭德 /Huonland		2016	√	

Source: NMPA, Frost & Sullivan Analysis

OT-302

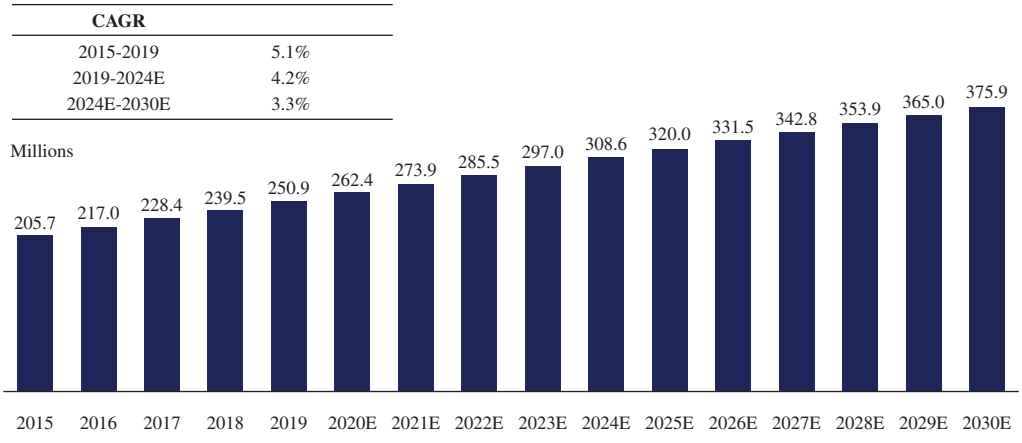
OT-302 is an acetazolamide injection for the treatment of chronic glaucoma and for reducing high IOP after glaucoma and other intraocular surgeries. As an intravenous dosage, OT-302 has similar IOP-lowering outcome as typical oral dosage while it has shorter onset time and can lower IOP immediately after administration.

ALLERGIC CONJUNCTIVITIS

Allergic conjunctivitis occurs when an allergic reaction causes conjunctivitis. It is part of a larger systemic atopic reaction and is usually seasonal with associated upper respiratory tract symptoms and complaints of redness and swelling of the conjunctiva with severe itching and increased lacrimation. The drug market for allergic conjunctivitis is expected to continue to grow, as people have more exposure to allergens due to pet keeping, outing and increased pollution.

The number of allergic conjunctivitis patients in China increased from 205.7 million in 2015 to 250.9 million in 2019, representing a CAGR of 5.1%. It is estimated to reach 308.6 million in 2024 at a CAGR of 4.2% from 2019, and 375.9 million in 2030 at a CAGR of 3.3% from 2024. The following chart sets forth the prevalence of allergic conjunctivitis in China:

China Prevalence of Allergic Conjunctivitis, 2015-2030E



Source: Frost & Sullivan Analysis

Treatment Paradigm and Unmet Medical Needs

Comparison between OT-1001 and Competing Eye Drops for Allergic Conjunctivitis

The treatment principles of allergic conjunctivitis include removing allergens and alleviating symptoms and signs. Due to the limited number of allergic conjunctivitis therapy choices and the lack of potent drugs with long-term safety, it is urgent to discover and develop a wider variety of effective therapies. Currently, mainstream primary therapies of allergic conjunctivitis involve the use of anti-allergic therapeutic agents such as antihistamines,

multiple-action anti-allergic agents and mast cell stabilizers. Most primary therapies are topical use eye drops. The following table sets forth a comparison of marketed primary eye drops for allergic conjunctivitis in China:

Category	Generic Name	Dosage	NRDL Inclusion	Itching Score Change (3 min post-CAC, placebo baseline)	Age Group	Onset time	Duration time	Price per ml (RMB)
Antihistamines	Cetirizine[1]	1 drop in each affected eye twice daily	x	-1.38	≥2 years old	15 minutes	8 hours	N/A
	Emedastine	1 drop each affected eye up to 4 times daily	√	-1.3	≥3 years old	30 minutes	4 to 8 hours	5.9
Mast cell stabilizers	Pemirolast	1 or 2 drops in each affected eye 4 times daily	x	-1.3	≥3 years old	N.A	N.A.	4.1
	Cromoglycate	1 drop each affected eye 4 to 6 times daily	√	N.A	≥4 years old	2 to 3 days	N.A.	1.3
Multiple-action agents	Ketotifen	1 drop every 8 to 12 hours	√	-1.43	≥3 years old	15 minutes	8 to 12 hours	1.4
	Olopatadine	1 drop in each eye twice daily at an interval of 6 to 8 hours	√	-1.43	≥3 years old	<30 minutes	8 hours	17.3
	Azelastine	1 drop each affected eye twice daily	√	-0.85	≥4 years old	3 minutes	8 hours	6.9

Source: Frost & Sullivan literature review and analysis

Note: These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

1. Cetirizine ophthalmic solution, or OT-1001 (ZERVIATE), was approved by the FDA in 2017, and has not been approved in China yet.

The first generation antihistamines are rarely used in clinical practice at present due to the adverse effects that may be caused. Compared with the first-generation antihistamines, the second-generation antihistamines such as cetirizine have the advantages of wider patient coverage, less frequent dosing, shorter onset time, longer duration time and lower AE rate. In contrast, mast cell stabilizers, another group of drugs for allergic conjunctivitis, have longer onset time and only have controlling, but not curative, effects. The following table sets forth a comparison of the first generation and second generation of antihistamines:

	1st generation	2nd generation	*Advantages of 2nd generation*
Representative drugs	Brompheniramine, diphenhydramine, ketotifen, etc.	**Cetirizine**, **emedastine**, azelastine, olopatadine, etc.	Less sedation
Pharmacokinetics	Short half-life, more frequent of administration and large dosage	Most of them are long-acting sustained-release preparations, less frequent of administration and small dosage	Fewer anticholinergic effects
Blood brain permeability	Easy to cross the blood-brain barrier due to lipophilic drugs Produces CNS inhibition	Hard to cross the blood-brain barrier CNS inhibition is not obvious	Less frequent administration
Specificity	Poor H1 receptor selectivity Weak anti-choline and anti-α receptor blockers	Strong H1 receptor selectivity Barely anti-choline and anti-α receptor blockers	Improved adverse effect profile

Source: Frost & Sullivan literature review and analysis

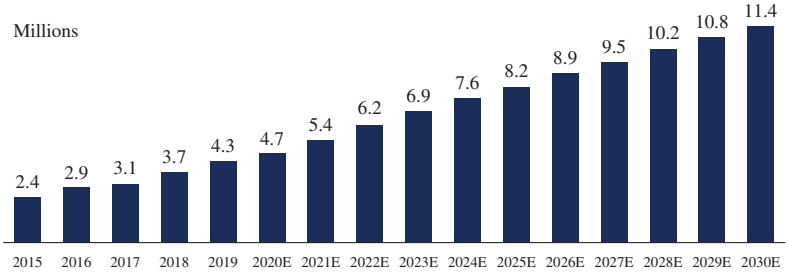
POSTOPERATIVE INFLAMMATION

Postoperative endophthalmitis is a severe infection involving both the anterior and posterior segments of the eye following intraocular surgery. Postoperative endophthalmitis following cataract surgery is presumed to be caused by bacteria, fungi or, on rare occasions, parasites that enter the eye during the perioperative period. Symptoms of endophthalmitis following cataract surgery vary slightly. Their symptoms depend on whether the infection occurs early (six weeks or less) or late (months or years) after surgery. Early symptoms include a dramatic decrease in vision in the affected eye, eye pain that worsens after surgery, red eyes and swollen eyelids. Late symptoms tend to be milder than early symptoms, which include blurred vision, increased sensitivity to bright light and mild eye pain. The postoperative inflammation drug market, especially, the drug market for inflammations post cataract surgery, is expected to continue to grow as the cataract surgery rate continues to rise and the access to cataract treatment continues to improve.

The total number of patients receiving cataract surgery in China increased from 2.4 million in 2015 to 4.3 million in 2019, representing a CAGR of 15.5%. A large number of such patients have postoperative inflammation following the cataract surgery. Compared to developed countries, postoperative endophthalmitis incident rates in China remain high, especially in small or mid-sized hospitals. Once post-cataract endophthalmitis occurs, 50% of eyes recover with 20/40 vision and 10% are left with no useful vision (5/200 or less). The following chart illustrates the cataract surgery volume in China:

Cataract Surgery Volume in China, 2015-2030E

Period	CAGR
2015-2019	15.5%
2019-2025E	11.7%
2025E-2030E	7.0%



Source: Frost & Sullivan literature review and analysis

Treatment Paradigm and Unmet Medical Needs

Due to the high rate of blindness of post-operative endophthalmitis, preventive approaches during the operation are of paramount significance. Typical methods to reduce risk of endophthalmitis include placing povidone-iodine to the affected area before surgery, pre-operative and postoperative use of antibiotics and anti-inflammatory agents, and intracameral administration of antibiotics at the conclusion of surgery.

Fluoroquinolones and aminoglycosides are two topical antibiotic categories that are recommended by medical guidelines for post-operative endophthalmitis prevention. Fluoroquinolones generally have better corneal penetration and broader spectrum coverage, and are more effective in inhibiting postoperative endophthalmitis. Commercially available drugs indicated for postoperative endophthalmitis prevention in China include fluoroquinolone eye drops and aminoglycoside eye drops. The third- and fourth-generation fluoroquinolones are widely used in clinical practice and are preferred over aminoglycosides. The following table illustrates the marketed drugs indicated for postoperative endophthalmitis in China:

Generic Name		Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per Unit (RMB)
		Trade Name	Manufacturer				
Fluoroquinolones Eye Drops							
3rd generation fluoroquinolones	Levofloxacin	Cravit®	參天/Santen	19	2004	√	6.1
4th generation fluoroquinolones	Gatifloxacin	Zhuning®	安徽雙科藥業/Anhui Shuangke Pharmaceutical	8	2005	√	3.1
	Moxifloxacin hydrochloride	Vigamox®	諾華/Novartis	0	2018	√	10.2
Aminoglycosides Eye Drops							
Tobramycin		Tobrex®	諾華/Novartis	31	1999	√	1.0
Tobramycin / Dexamethasone		Tobradex®	諾華/Novartis	8	2001	√	2.4

Source: NMPA, Frost & Sullivan Analysis

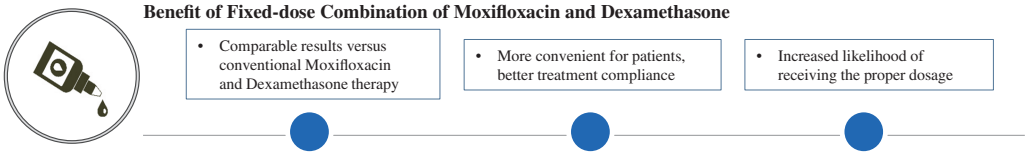
Though members of the fourth-generation fluoroquinolones appear to possess similar spectrum of bactericidal activity, the intraocular penetration properties of moxifloxacin and gatifloxacin differ. Compared to gatifloxacin, moxifloxacin has higher concentration in different intraocular sites and thereby has favorable penetration characteristics, which makes it an ideal candidate for ophthalmic indications. Below is a comparison of moxifloxacin and gatifloxacin:

	Intraocular penetration of instilled topical Moxifloxacin and Gatifloxacin		
	Cornea (μg/g)	Aqueous humor (μg/g)	Conjunctiva (μg/g)
Moxifloxacin (0.5%)	12.23 ± 5.33	2.677 ± 1.094	3.15 ± 1.60
Gatifloxacin (0.3%)	6.32 ± 2.47	1.112 ± 0.438	1.84 ± 0.94

Source: Frost & Sullivan literature review and analysis

The topical antibiotics plus corticosteroids eye drops protocol is credited with keeping infectious and inflammatory complications at their current low rate. Compared to the conventional, separately dosed moxifloxacin and dexamethasone treatment, single-vehicle, fixed-dose combination moxifloxacin/dexamethasone formulation is found to be therapeutically equivalent. In addition, the fixed-dose combination can help patients to receive proper dosage and improve medication adherence. The following chart illustrates the benefit of fixed-dose combination of moxifloxacin and dexamethasone:

	0.5% Moxifloxacin /0.1% Dexamethasone fixed-dose Combination	Conventional 0.5% Moxifloxacin + 0.1% Dexamethasone Therapy
The clinical outcome was evaluated at Day 15		
Ocular pain	0.0%	1.6%
Sign of active ocular Inflammation (redness, edema, tearing, or discharge)	0.0%	1.6%
Number of cells per field in the anterior chamber (>5 cells)	3.1%	3.3%



Source: Frost & Sullivan literature review and analysis

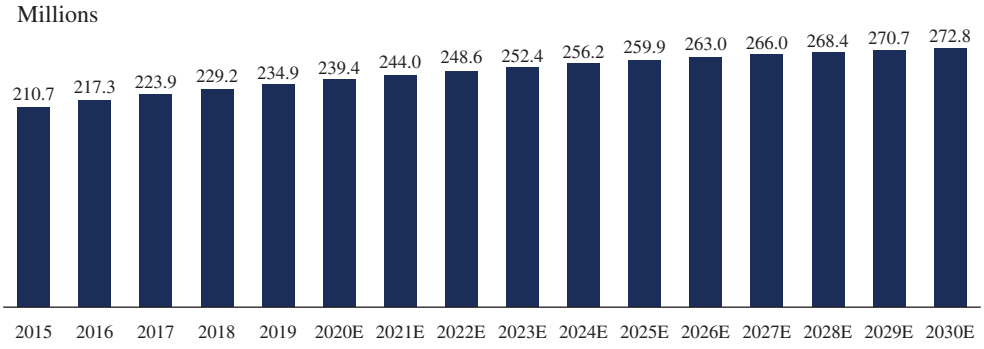
Antibiotic eye drops is a complicated treatment regiment, requiring up to 70 eye drops over three to four weeks on a tapered dosing schedule. Further, cataract surgery patients are often elderly and can have compromised cognitive function, osteoarthritis in their hands and poor eyesight due to the cataract surgery. These complexities can lead to poor compliance due to failure to administer eye drops according to the prescribed schedule, or administering an eye drop but failing to have it go into the eye, and/or not finishing the treatment regimen. Sustained-release intraocular injection has been developed to reduce inconvenience and non-compliance caused by the complicated treatment regimen currently available. OT-502 is a 9% dexamethasone intraocular suspension administered as a single dose into the surgical site at the conclusion of the cataract surgery. It provides a constant release of dexamethasone to control postoperative inflammation. The major benefits of OT-502 include improvement in patient compliance and proper dosing.

DRY EYE

Dry eye is characterized by inflammation of the ocular surface epithelia due to reduced tear quantity and ocular surface sensitivity. Dry eye has become a common eye condition in modern society. The number of dry eye patients in China grew from 210.7 million in 2015 to 234.9 million in 2019, representing a CAGR of 2.7%. It is estimated that the number may increase to 256.2 million in 2024 at a CAGR of 1.8% from 2019, and 272.8 million in 2030 at a CAGR of 1.1% from 2024. The chart below sets forth the prevalence of dry eye in China:

China Prevalence of Dry Eye Disease, 2015-2030E

CAGR	DED
2015-2019	2.7%
2019-2024E	1.8%
2024E-2030E	1.1%



Source: Frost & Sullivan literature review and analysis

Treatment Paradigm and Unmet Medical Needs

Treatment options for dry eye mainly include artificial tears and anti-inflammatory drugs. Artificial tears are the first-line therapy, especially for mild dry eye. Although artificial tears relieve symptoms, they cannot cure dry eye. For the treatment of moderate and severe dry eye, artificial tears need to be combined with anti-inflammatory drugs, which address the underlying cause of dry eye, the inflammation of the cornea and conjunctiva.

Artificial Tears

Artificial tears increase tear volume, minimize desiccation and lubricate the ocular surface, thus providing temporary relief of irritation symptoms and reducing the eye surface reaction related to high osmotic pressure of tears. Low viscosity artificial tears are thin and watery, providing quick relief with little or no blurring of vision, but their lubrication effect is short-lived. In contrast, high viscosity artificial tears are more gel-like and can provide longer lubrication. Low viscosity artificial tears are suitable for mild dry eye patients, while moderate to severe dry eye patients benefit more from high viscosity artificial tears. For those patients

with severe eye surface inflammation and abnormal tear dynamics, or need long term or high frequency use (more than six times daily) of artificial tears, artificial tears without preservatives or with less preservative toxicity are preferred.

Category	Agents	Characteristics	Function
Low viscosity	Polyols	Hydrophilia	• Increases viscosity • Forms protective layer over mucous membrane to relieve irritation
	Polyvinyl alcohol (PVA)	Hydrophilia Film-formation	• Lowers tear viscosity
High viscosity	Hyaluronic Acid	Hydrophilia Film-formation	• Binds multiples of its weight in water and lowers tear osmolarity • Adheres to ocular surface • Stabilizes and evens out the tear film • Highly viscous until blink thins it out
	Cellulose derivatives	Hydrophilia Film-formation	• Cross links upon contact with tear film due to pH difference to increase viscosity • Stabilize emulsions
	Oil-based emulsions (mineral and castor oil)	Film-formation	• Replace or thicken lipid layer to increase tear stability and reduce tear evaporation

Hyaluronic acid has the advantages of high viscosity, dual characteristics of hydrophilia and film-formation, and the function of accelerating corneal wound healing.

Source: Frost & Sullivan Analysis

Comparison between Ou Qin and Competing Hyaluronic Acid Artificial Tears

Hyaluronic acid artificial tears are a high viscosity artificial tears. Currently, there are a total of 18 manufacturers of 22 registered hyaluronic acid artificial tear eye drops:

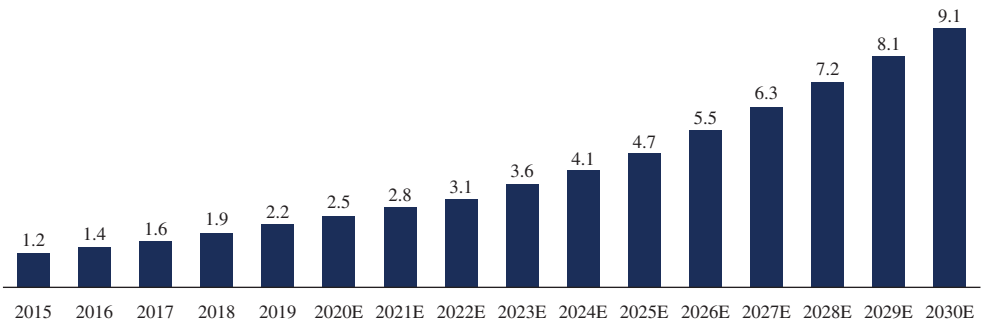
Specification			Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
			Brand Name	Manufacturer				
Hyaluronic Acid								
0.1%	Mono-dosage	0.4ml	愛麗/Hialid	參天/Santen	3	2003	√	8.6
		0.8ml	潤麗/Run li	博士倫/Bausch & Lomb	0	2005	√	4.7
0.1%	Multi-dosage	5ml	愛麗/Hialid	參天/Santen	11	2000	√	4.5
		7ml	聯邦亮晶晶/Liangjingjing	珠海聯邦製藥/United Laboratories	0	2004	√	6.9
		10ml	海露/Hycosan	URSAPHARM	0	2003	√	5.7
0.3%	Mono-dosage	0.4ml	愛麗/Hialid	參天/Santen	2	2000	√	12.2
		0.8ml	歐沁/Ou Qin	匯恩蘭德/歐康維視 Huonland/OcuMension	0	2019	√	10.0
0.3%	Multi-dosage	5ml	愛麗/Hialid	參天/Santen	0	2008	√	7.4

Source: NMPA, Frost & Sullivan Analysis

The artificial tears market experienced rapid growth in China. The market size increased from RMB1.2 billion in 2015 to RMB2.2 billion in 2019, representing a CAGR of 16.5%. It is estimated to further grow to RMB4.1 billion in 2024 at a CAGR of 13.1% from 2019, and RMB9.1 billion in 2030 at a CAGR of 14.4% from 2024. The following charts illustrates the artificial tears market in China:

China Artificial Tears Market, 2015-2030E

CAGR	
2015-2019	16.5%
2019-2024E	13.1%
2024E-2030E	14.4%



Source: Frost & Sullivan Analysis

Anti-Inflammatory Drugs

For mild to severe dry eye, anti-inflammatory drugs are used to address the underlying cause of dry eye, the inflammation of cornea and conjunctiva. Moderate to severe dry eye patients generally account for 50% of total dry eye patients in China, representing a significant group of patients who are in need for anti-inflammatory drugs. Anti-inflammatory agents used for ocular surface management broadly fall under two categories, namely corticosteroids and immunomodulators. Corticosteroids interfere with expression and transcription of pro-inflammatory genes by targeting receptor and nonreceptor-mediated pathways, respectively. The immunomodulators function by reducing cytokine production to achieve anti-inflammation effects.

As for the development of anti-inflammatory drugs for dry eye, although there are many ongoing studies investigating the efficacy of calcineurin, alpha adrenergic receptor agonists, and TNF-α inhibitors, none of these studies target tyrosine kinases, an enzyme related to the downstream pathway leading to ocular inflammation.

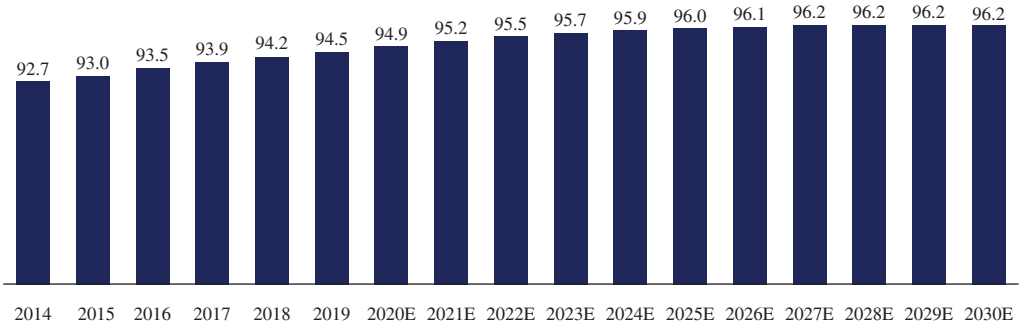
BLEPHARITIS

Blepharitis is one of the most common eye diseases characterized by eyelid inflammation. It commonly occurs when tiny oil glands located near the base of the eyelashes become clogged and tends to recur. Blepharitis has a significant impact on ocular comfort and quality of life. Symptoms of blepharitis include burning, itchiness, gritty feeling in the eyes, contact lens intolerance, photophobia, redness, swelling and crusting of the eyelid margins. Blepharitis generally is not sight-threatening, but can induce permanent eyelid margin alternations, such as eyelid scarring, loss of eyelashes and in-turning of eyelashes. We expect the blepharitis drug market to continue to grow as driven by the large and increasing patient population, enhanced availability of treatments and the development of novel drug formulations.

The number of blepharitis patients in China increased from 92.7 million in 2015 to 94.5 million in 2019, accounting for nearly 6.8% of the population in China. With the improvement of health awareness and living conditions, the prevalence of blepharitis is slowly decreasing and the total number of blepharitis patients in China is estimated to reach 95.9 million in 2024 at a CAGR of 0.3% from 2019. The following chart illustrates the prevalence of blepharitis in China:

China Prevalence of Blepharitis, 2014-2030E

CAGR	
2014-2019	0.4%
2019-2024E	0.3%
2024E-2030E	0.1%



Source: Frost & Sullivan Analysis

Treatment Paradigm and Unmet Medical Needs

Currently, there is no treatment solely indicated for blepharitis in China. Topical or systemic administration of antibiotics and topical administration of anti-inflammation drugs are common treatments for blepharitis. Topical cyclosporine and corticosteroid are helpful for eyelid or ocular surface inflammation such as severe conjunctival infection. Several corticosteroid eye drops have been approved by the NMPA for the treatment of steroid-responsive inflammatory ocular conditions. Compared with drugs applied directly to the eyelid margin, corticosteroid eye drops have the limitations of causing increased IOP as discussed below in more detail. The following table illustrates the marketed topical corticosteroid drugs for blepharitis in China:

Category	Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
		Brand Name	Manufacturer				
Topical Corticosteroid Drugs							
Monotherapy Drug	Dexamethasone Sodium Phosphate	N.A	廣州白雲山/ Baiyunshan	12	1982	√	4.7
	Fluorometholone	FML	艾爾建/Allergan	2	1999	√	3.4
	Hydrocortisone	N.A	武漢五景藥業/ Wujing Medicine	9	1981	X	0.1
	Loteprednol	Lotemax	博士倫/ Bausch & Lomb	0	2007	X	14.0
	Prednisolone	Pred Forte	艾爾建/Allergan	0	1999	X	5.8
Fixed-dose Combination Drug	Dexamethasone/Tobramycin	Tobradex	諾華/Novartis	8	2001	√	2.4
	Fluorometholone/Gentamicin	Infectoflam	諾華/Novartis	1	1999	X	5.8
	Loteprednol/Tobramycin	Sai Le	博士倫/ Bausch & Lomb	0	2012	X	20.4

Source: NMPA, Frost & Sullivan Analysis

Comparison between OT-503 and Competing Topical Corticosteroid Eye Drops

Eye drops interact with the tears in eyes and spread when eyelids are closed. The eye often eliminates topically applied medications via tear elimination, limiting the penetration of drugs into the ocular tissue. It is difficult to deliver an accurate dosage of eye drops and its long-term use may induce side effects. To overcome the limitation of eye drops, novel formulation drugs that use direct application to eyelid margin may decrease the dosage exposure of eye surface and lower the risk of side effects, such as increased IOP. In addition, another novel formulation is the nanocrystal suspension formulation, which can slow down the drug release rate through improving drug saturation solubility, thus extending the duration of

action, reducing the peak concentration and side effects. Nanocrystals also increase drug bioavailability and change its administration routes. The following table is a comparison of marketed topical corticosteroid eye drops for blepharitis and OT-503:

Compound	Daily Frequency	Dosage Form	Potency (Duration of Action)	Anti-Inflammatory Potency (Potency relative to Hydrocortisone)	IOP incidence rate (Major AE)	Average IOP increase (mean mmHg)
Loteprednol	2-6 times	Suspension Eye Drop	Long acting	N.A	1.7%	4.1
Fluorometholone	2-5 times	Suspension Eye Drop	Long acting	131	0.13%	6.1
Dexamethasone	3-6 times	Eye Drop & Ointment	Long acting	30	5.2%	8.2
Prednisolone	2-4 times	Suspension Eye Drop	Intermediate acting	4	6.7%	10.0
Hydrocortisone	3-4 times	Suspension Eye Drop	Short acting	1	N.A.	3.2
OT-503	**1-2 times**	***Nanocrystal suspension via an eyelid applicator***	**Intermediate acting**	**1~10**	**None**	**N.A**

Source: Frost & Sullivan literature review and analysis

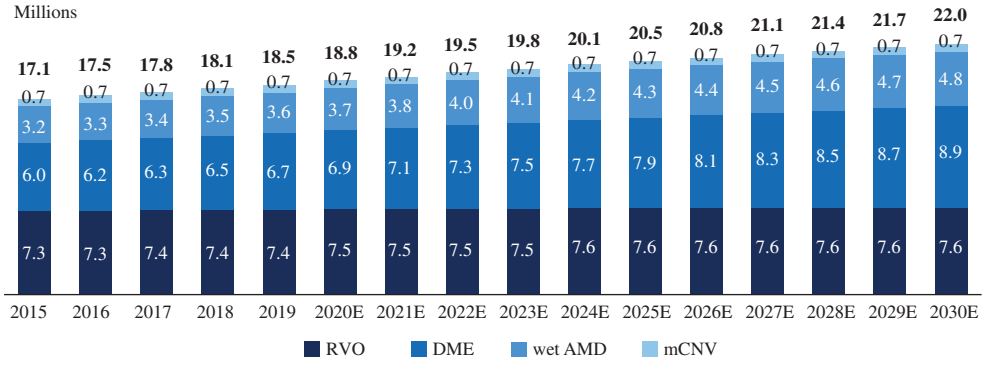
RETINAL DISEASES

Retinal diseases cause damage to the retina, which contains the light-sensitive nerve cells that convert light into signals. They are often characterized by leakage of fluid, hemorrhage and fibrous scarring in the eye. Retinal diseases include wet AMD, DME, RVO and myopic choroidal neovascularization, or mCNV. These diseases are major causes of visual impairment and blindness worldwide. AMD is a degenerative retinal disease that causes progressive loss of central vision. It is a leading cause of irreversible blindness in the elderly. Though wet AMD patients only account for approximately 10% of AMD patients, wet AMD causes 80% to 90% of vision loss among all AMD patients. DME is a complication of diabetes where a diabetic patient loses part or all of the central vision. RVO occurs when the central retinal vein, the blood vessel that drains the retina, or one of its branches becomes blocked. mCNV is a complication of myopia that causes visual impairment. The retinal diseases drug market is expected to continue to grow as driven by an expanding patient population, development of innovative therapy and biosimilar drugs, which further contributes to the drugs' increasing affordability.

Among the four types of retinal diseases, prevalence of wet AMD increases more rapidly than the other three because of the aging population. The chart below sets forth the prevalence of retinal diseases in China:

Prevalence of Major Retinal Diseases, 2015-2030E

Period	CAGR				
	RVO	DME	wet AMD	mCNV	Total
2015-2019	0.5%	3.1%	3.4%	0.5%	1.9%
2019-2024E	0.4%	2.7%	2.8%	0.4%	1.7%
2024E-2030E	0.1%	2.4%	2.4%	0.1%	1.5%

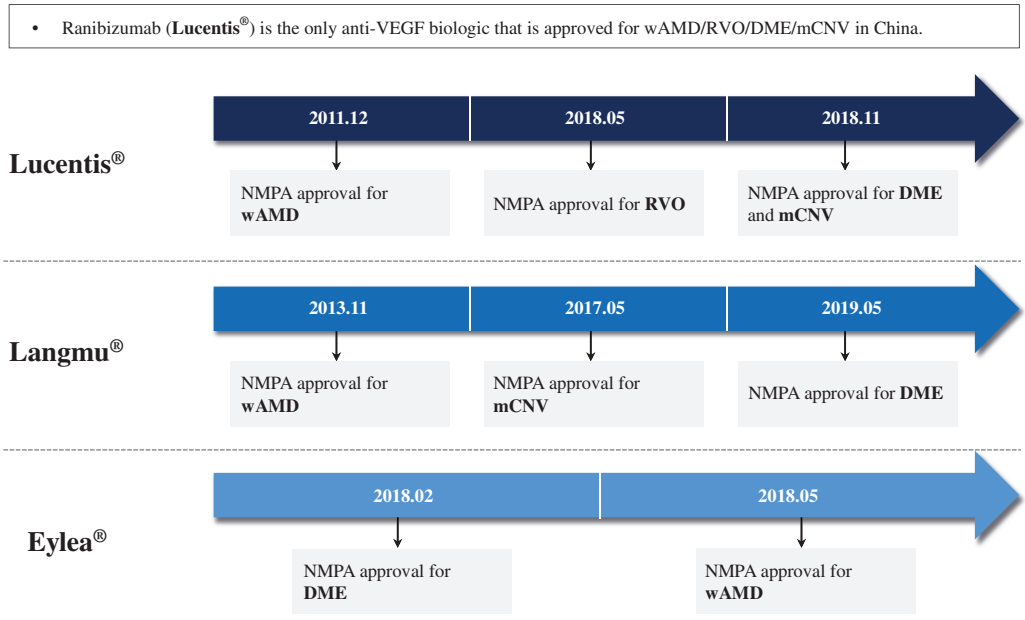


Source: Frost & Sullivan literature review and analysis

Treatment Paradigm and Unmet Medical Needs

Anti-VEGF drugs are currently the first-line therapy for the treatment of wet AMD. Three anti-VEGF biologics have launched in China and all of them have been included in the NRDL. Among these three anti-VEGF biologics, ranibizumab (Lucentis®) is the only anti-VEGF drug that is approved for wet AMD, DME, RVO and mCNV:

NMPA Approval History of Anti-VEGF Biologics



Source: NMPA, Frost & Sullivan Analysis

The three major anti-VEGF drugs, ranibizumab (Lucentis®), Langmu® and aflibercept (Eylea®), had a unit price of RMB9,725, RMB6,725 and RMB5,850, respectively, when they first entered the PRC market. As these three anti-VEGF drugs were included in the NRDL in 2019, their current unit prices decreased to RMB3,950, RMB4,160 and RMB4,100, respectively.

Comparison between OT-701 and Competing Anti-VEGF Drugs

As the PRC patents for aflibercept and ranibizumab will expire between 2020 and 2021, many biosimilar drugs are under development, and are expected to launch within the next two to three years. The launch of these biosimilar drugs are expected to cause general price drops of anti-VEGF drugs and lead to an increase in market availability for anti-VEGF drugs. The following table illustrates a comparison between OT-701 and clinical-stage anti-VEGF drugs that are currently under development in China:

Drug Code	Category	Sponsor	Indication	Clinical Phase	Regulatory Authority	Initial Publication Date(1)
QL1207	Fusion Protein	Qilu Pharma	wAMD	III	NMPA	2019/5/20
			DME	I	NMPA	2018/12/7
QL1205	Monoclonal Antibody	Qilu Pharma	wAMD	III	NMPA	2019/7/17
Faricimab	Bispecifics	Roche	DME	III	NMPA	2019/7/26
Brolucizumab	Monoclonal Antibody	Novartis	wAMD, DME, RVO	III	NMPA	2019/7/29
TK001	Monoclonal Antibody	T-mab Biopharma	wAMD	I	NMPA	2016/1/4
HB002.1M	Fusion Protein	Huabo Biopharma	wAMD	I	NMPA	2018/1/2
TAB014	Monoclonal Antibody	TOT Biopharma	wAMD	I	NMPA	2018/3/21
JY028	Monoclonal Antibody	Eastern Biotech	wAMD	I	NMPA	2018/7/2
601A	Monoclonal Antibody	3S Guojian Pharma	wAMD, DME	I	NMPA	2018/8/13
BAT5906	Monoclonal Antibody	Bio-thera Pharma	wAMD	I	NMPA	2018/10/26
SOLOT-Eye	Monoclonal Antibody	Stainwei Biotech	wAMD	I	NMPA	2018/11/1
IBI302	Bispecifics	Innovent Biologics	wAMD	I	NMPA	2019/1/23
LY09004	Fusion Protein	Luye Pharma	wAMD	I	NMPA	2019/6/20
RC28-E	Fusion Protein	RemeGen Biotech	wAMD	I	NMPA	2020/1/15
OT-701	Fusion Protein	Ocumension	wAMD	Pre-clinical	–	N/A

Source: CDE, Frost & Sullivan Analysis

Note:

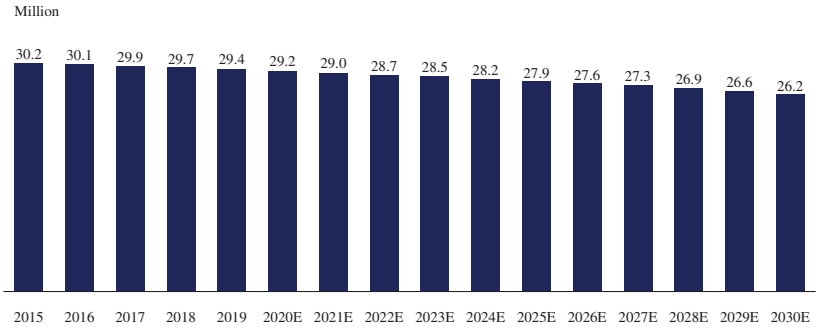
(1) Refers to the date on which the information of the respective clinical trial is published for the first time.

BACTERIAL CONJUNCTIVITIS

Bacterial conjunctivitis is a common type of conjunctivitis. It is caused by bacteria that infect the eye through various sources of contamination. The incidence of bacterial conjunctivitis in China is slowly decreasing because of improvement in hygiene conditions and personal health awareness. The following chart illustrates the incidence of bacterial conjunctivitis in China:

Incidence of Bacterial Conjunctivitis, 2015-2030E

Period	CAGR
2015-2019	-0.7%
2019-2024E	-0.9%
2024E-2030E	-1.2%



Source: Frost & Sullivan literature review and analysis

Treatment Paradigm

There is no guideline or consensus for the treatment of bacterial conjunctivitis in China. The core treatment for bacterial conjunctivitis involves topical broad-spectrum antibiotics. Benefits of antibiotic treatment includes quicker recovery and decrease in transmissibility in patients with different levels of severity. The choice of antibiotics usually depends on patients' allergies, resistance patterns and local availability. The following table illustrates the marketed drugs indicated for bacterial conjunctivitis in China:

Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
	Brand Name	Manufacturer				
Aminoglycoside						
Amikacin	N.A	成都倍特藥業/ Brilliant Pharmaceutical	0	1990	X	0.8
Neomycin	Poly-Pred	艾爾建/Allergan	12	1984	X	1.2
Tobramycin	Tobrex	諾華/Novartis	30	1999	√	1.0
Gentamycin	Wei Lun	博士倫/Bausch & Lomb	16	1983	√	1.0
Fluoroquinolone						
Moxifloxacin	Vigamox	諾華/Novartis	0	2018	√	10.2
Gatifloxacin	Zhuning	安徽雙科藥業/Anhui Shuangke Pharmaceutical	6	2005	√	3.1
Levofloxacin	Cravit	參天/Santen	18	2004	√	6.1
Ofloxacin	Tarivid	參天/Santen	48	1993	√	0.7
Pazufloxacin	N.A	莎普愛思藥業/ Shapuaisi Pharmaceutical	0	2011	X	10.9
Enoxacin	N.A	遠大天明製藥/Yuanda Tianming Pharmaceutical	9	1996	√	1.0
Ciprofloxacin	Ba Mei Luo	興齊眼藥/Sinqi Pharmaceutical	31	1993	√	0.9
Lomefloxacin	Le Fen	武漢五景藥業/Wujing Medicine	21	1995	X	1.0
Norfloxacin	N.A	武漢五景藥業/Wujing Medicine	30	1991	√	1.8
Chloramphenicol						
Chloramphenicol	Run Shu	博士倫/Bausch & Lomb	60	1981	√	0.8
Others (Sulfonamide, Tetracyclines, etc.)						
Fusidic Acid	Fucithalmic	Amdipharm Limited	0	2011	X	1.1
Sulfamethoxazole	Le Dun Kang	曼秀雷敦/Mentholatum	0	1998	X	1.7

Source: NMPA, Frost & Sullivan Analysis

Among all three antibiotic categories commonly used for bacterial conjunctivitis, fluoroquinolones are the most used category. Fluoroquinolones act by converting their targets, gyrase and topoisomerase IV, into toxic enzymes that fragment the bacterial chromosome. Fluoroquinolones are categorized into four generations according to their spectrum of bactericidal activity. Compared to previous generations, the fourth-generation fluoroquinolones offer considerable advantages, including a wider spectrum of activity, longer duration of activity and a smaller likelihood to provoke antibiotic resistance. Moxifloxacin and gatifloxacin are the two main fourth-generation fluoroquinolone antibiotics. Apart from Vigamox by Novartis which has already been marketed in China, there are another 10 moxifloxacin eye drops that have submitted an abbreviated new drug application, or ANDA:

Company	Submission Date
Shanghai Haohai Biological Technology Co., Ltd.	2019/1/28
Essex Bio-Technology Limited	2019/5/22
China Resources Zizhu Pharmaceutical Co., Ltd.	2019/5/29
Shijiazhuang Great Pharmaceutical Co. Ltd	2019/7/30
Sinqi Pharmaceutical	2019/11/22
Yangtze River Pharmaceutical Group	2019/12/11
Suzhou Industrial Park Tianlong Pharmacy Co., Ltd.	2019/12/31
Jiang Xi Kelun Pharmaceutical Co., Ltd.	2020/1/17
Huonland / Ocumension	**2020/2/13**
Qilu Pharmaceutical	2020/2/28

Source: CDE, Frost & Sullivan Analysis

SOURCE OF INFORMATION

In connection with the [**REDACTED**], we have commissioned Frost & Sullivan, an Independent Third Party, to conduct a detailed analysis and to prepare an industry report on the global and PRC ophthalmic drug markets. The Frost & Sullivan Report has been prepared by Frost & Sullivan independent from our influence. We have agreed to pay Frost & Sullivan a fee of RMB680,000 for the preparation of the Frost & Sullivan Report which we consider is in line with the market rates. Except as otherwise noted, all data and forecasts in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information disclosed in this section.

Frost & Sullivan prepared its report based on its in-house database, Independent Third Party reports and publicly available data from reputable industry organizations. To prepare the Frost & Sullivan Report, Frost & Sullivan also conducted analysis on projected figures based on historical data, macroeconomic data and specific industry related drivers, and reviewed annual reports of listed companies in the global and PRC ophthalmic drug markets. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environments of the PRC will remain stable during the forecast period, which will ensure a sustainable and steady development of the PRC healthcare industry; (ii) the PRC healthcare market will grow as expected due to rising healthcare demand and supply; and (iii) the PRC government will continue to support healthcare reform.

PRC LAWS AND REGULATIONS

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of corporate entities in China are governed by the Company Law of PRC (《中華人民共和國公司法》, the "**PRC Company Law**"), which was promulgated by the Standing Committee of the NPC in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013 and October 2018, respectively. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Investment activities in the PRC by foreign investors are governed by the Guiding Foreign Investment Direction (《指導外商投資方向規定》), which was promulgated by the State Council in February 2002 and came into effect in April 2002, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)(2019年版)》, the "**Negative List**"), which was promulgated by the MOFCOM and NDRC in June 2019 and came into effect in July 2019. The Negative List set out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 13 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") was promulgated by the NPC in March 2019 and came into effect in January 2020. After the Foreign Investment Law came into effect, the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》), the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》) and the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) have been repealed simultaneously. The investment activities of foreign natural persons, enterprises or other organizations (hereinafter referred to as "foreign investors") directly or indirectly within the territory of China shall comply with and be governed by the Foreign Investment Law, including: 1) establishing by foreign investors of foreign-invested enterprises in China alone or jointly with other investors; 2) acquiring by foreign investors of shares, equity, property shares, or other similar interests of Chinese domestic enterprises; 3) investing by foreign investors in new projects in China alone or jointly with other investors; and 4) other forms of investment prescribed by laws, administrative regulations or the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect in January 2020. After the Regulations on Implementing the Foreign Investment Law of the PRC came into effect, the Regulation on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》) have been repealed simultaneously.

In December 2019, the MOFCOM and the SAMR promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect in January 2020. After the Measures on Reporting of Foreign Investment Information came into effect, the Interim Measures for the Administration of Filing for Establishment and Changes in Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) have been repealed simultaneously. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the relevant commerce administrative authorities according to the Measure on Reporting of Foreign Investment Information.

Regulation on Pharmaceutical Product Development, Approval and Registration

Drug Regulatory Regime

The 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 Standing Committee of the NPC, in September 1984. The last two amendments to the Drug Administration Law were the amendment promulgated in April 2015 and in August 2019. The Regulations for the Implementation of the Drug Administration Law (《藥品管理法實施條例》) was promulgated by the State Council in August 2002, and was last amended in March 2019. The Drug Administration Law and the Regulations for the Implementation of the Drug Administration Law have jointly established the legal framework for the administration of pharmaceutical products in China, including the research, development and manufacturing of new drugs. The Drug Administration Law applies to entities and individuals engaged in the development, production, trade, application, supervision and administration of pharmaceutical products, which regulates and provides for a framework for the administration of pharmaceutical manufacturers, pharmaceutical trading companies and medicinal preparations of medical institutions, and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products. The Regulations for the Implementation of the Drug Administration Law, at the same time, provide the detailed implementation regulations for the Drug Administration Law.

In 2017, the drug regulatory system entered a new and significant period of reform. The General Office of the State Council and the General Committee of China Communist Party jointly issued an Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Innovation Opinions**"). The expedited programs, the record-filing system, the prioritized review mechanism, the acceptance of foreign clinical data under the Innovation Opinions and other recent reforms encourage drug manufacturers to seek marketing approval in China first in order to develop drugs in highly prioritized therapeutical areas, such as oncology or rare disease areas.

To implement the regulatory reform introduced by Innovation Opinions, the Standing Committee of the NPC, the NMPA, a newly formed government authority as well as other authorities, are currently responsible for revising the laws, regulations and rules regulating the pharmaceutical products and the industry.

In August 2019, the Standing Committee of the NPC promulgated the new Drug Administration Law (the "**2019 Amendment**"), which came into effect in December 2019. The 2019 Amendment contains many of the major reform initiatives implemented by the Chinese government since 2015, including but not limited to the MAH system, conditional approvals of drugs, traceability system of drugs, and the cancellation of relevant certification according to the GMP and the Good Supply Practice.

Regulatory Authorities

Pharmaceutical products, medical devices and equipment in China are monitored and supervised on a national scale by the NMPA. The local provincial medical products administrative authorities are responsible for supervision and administration of drugs within their respective administrative regions. The NMPA was newly formed under the SAMR. The NMPA's predecessor, the State Drug Administration (the "**SDA**"), was replaced by the SFDA, which was later reorganized into the CFDA as part of the institutional reforms implemented by the State Council.

The primary responsibilities of the NMPA include:

- monitoring and supervising the administration of pharmaceutical products, medical appliances and equipment as well as cosmetics in the PRC;
- formulating administrative rules and policies concerning the supervision and administration of the pharmaceutical, medical devices, and cosmetics industry;
- evaluating, registering and approving of new drugs, generic drugs, imported drugs and traditional Chinese medicine;

- approving and issuing permits for the manufacture and export/import of pharmaceutical products, medical appliances and equipment;

- approving the establishment of enterprises to be engaged in the manufacture and distribution of pharmaceutical products;

- examining and evaluating the safety of pharmaceutical products, medical devices, and cosmetics; and

- managing the significant accidents involving the pharmaceutical products, medical devices and cosmetics.

In 2013, the Ministry of Health (the "**MOH**") and the National Population and Family Planning Commission were integrated into the National Health and Family Planning Commission of the PRC (the "**NHFPC**"). In March 2018, the First Session of the Thirteenth NPC approved the State Council Institutional Reform Proposal (《國務院機構改革方案》), according to which, the responsibilities of NHFPC and certain other governmental authorities are consolidated into the National Health Commission (the "**NHC**"), and the NHFPC shall no longer be reserved. The responsibilities of the NHC include organizing the formulation of national drug policies, the national essential medicine system and the National Essential Medicines List and drafting the administrative rules for the procurement, distribution and use of national essential medicines.

According to the Decision of the CFDA on Adjusting the Approval Procedures under the Administrative Approval Items for Certain Drugs (《國家食品藥品監督管理總局關於調整部分藥品行政審批事項審批程序的決定》), promulgated by the CFDA in March 2017 and came into effect in May 2017, the IND approval should be issued by the CDE in the name of the CFDA.

Regulations on the Clinical Trials and Registration of Drugs

Administrative Measures for Drug Registration

In July 2007, the SFDA promulgated the amended version of the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) ("**Registration Measures**"), which became effective in October 2007. The Registration Measures mainly cover: (1) definitions of drug registration applications and regulatory responsibilities of the drug administration; (2) general requirements for drug registration, including application for registration of new drugs, generic drugs, imported drugs and the supplemental application, as well as the application for re-registration; (3) clinical trials; (4) application, examination and approval of new drugs, generic drugs and imported drugs; (5) supplemental applications and re-registrations of drugs; (6) inspections; (7) registration standards and specifications; (8) time limit; (9) re-examination; and (10) liabilities and other supplementary provisions.

According to the Registration Measures, drug registration applications are divided into three different types, namely Domestic New Drug Application, Domestic Generic Drug Application and Imported Drug Application. Drugs which fall into one of three general types are divided according to the drug's working mechanism, namely whether the drug is classified as a chemical medicine, a biological product, a traditional Chinese medicine or a natural medicine. A NDA refers to an application for registration of a drug that has not yet been marketed for sale in China. In addition, the registration of drugs that change the dosage form of the marketed drugs, change the route of administration and increase the new indications shall be reported in accordance with the application procedures for new drugs. Under the Registration Measures, a Category 1 drug refers to a new drug that has never been marketed in any country, and such drug is eligible for special review or fast track approval by the NMPA.

In January 2020, the SAMR released the amended Administrative Measures for Drug Registration, or the Amended Registration Measures, which will come into effect in July 2020. As compared to the current effective version, the Amended Registration Measures provides detailed procedural and substantive requirements for the key regulatory concepts established by the Drug Administration Law, confirms a number of reform actions that have been taken in the past years, including but not limited to: (i) the full implementation of MAH System and implied approval of the commencement of clinical trial; (ii) implementing associated review of drugs, excipients and packaging materials; and (iii) introducing four procedures for expedited registration of drugs, which are procedures for ground-breaking therapeutic drugs, procedures for conditional approval, procedures for prioritized reviews and approval, and procedures for special examination and approval. Detailed implementing rules for drug classification and requirements for corresponding application materials will be promulgated by the NMPA.

In March 2016, the CFDA issued the Reform Plan for Registration Category of Chemical Medicine (《化學藥品註冊分類改革工作方案》), which outlined the reclassifications of drug applications under the Registration Measures. According to the Reform Plan for Registration Category of Chemical Medicine, Category 1 drugs refer to innovative new drugs that have not been marketed anywhere in the world. Improved new drugs that are not marketed anywhere in the world fall into Category 2 drugs. Generic drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China, can be classified as Category 3 drugs. Generic drugs, that have equivalent quality and efficacy to the originator's drugs and have been marketed in China, fall into Category 4 drugs. Category 5 drugs are drugs which have already been marketed abroad, but are not yet approved in China. Category 1 drugs and Category 5 drugs can be registered through the Domestic New Drug Application and the Imported Drug Application Procedures under the Registration Measures, respectively.

The SFDA promulgated the Special Examination and Approval of Registration of New Drugs (《新藥註冊特殊審批管理規定》) in January 2009, according to which, the SFDA conducts special examination and approval for new drug registration applications when: (1) the effective constituent of drug extracted from plants, animals, minerals, etc., as well as the preparations thereof have never been marketed in China, and the material medicines and the preparations thereof are newly discovered; (2) the chemical raw material medicines as well as the preparations thereof and the biological product have not been approved for marketing home

and abroad; (3) the new drugs with obvious clinical treatment advantages for such diseases as AIDS, malignant tumors and orphan diseases, etc. or (4) the new drugs for treating diseases currently with no effective methods of treatment.

The Special Examination and Approval of Registration of New Drugs provides that the applicant may file for special examination and approval at the clinical trial application stage if the drug candidate falls within items (1) or (2). The provisions provide that for drug candidates that fall within items (3) or (4), the application for special examination and approval cannot be made until filing for production.

Accelerated Approval for Clinical Trial and Registration

The Innovation Opinions established a framework for reforming the evaluation and approval system for drugs, medical devices and equipment. The Innovation Opinions indicated enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs as well as improving the approval of drug clinical trials.

The CFDA released 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 November 2015, which further clarified the measures and policies regarding simplifying and accelerating the approval process of clinical trials:

- 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

- a fast track drug registration or clinical trial approval pathway for the following applications: (1) registration of innovative new drugs for treating HIV, cancer, serious infectious diseases and orphan diseases, etc.; (2) registration of pediatric drugs; (3) registration of geriatric drugs and drugs treating PRC-prevalent diseases in elders; (4) registration of drugs listed in national major science and technology projects or national key research and development plan; (5) registration of clinical urgently needed drugs using advanced technology, using innovative treatment methods, or having distinctive clinical benefits; (6) registration of foreign innovative drugs to be manufactured locally in China; (7) concurrent applications for new drug clinical trials which are already approved in the United States or EU or concurrent drug registration applications for drugs which have applied to the competent drug approval authorities for marketing authorization and passed such authorities' onsite inspections in the United States or EU and are manufactured using the same production line in China; and (8) clinical trial applications for drugs with urgent clinical need and patent expiry within three years, and manufacturing authorization applications for drugs with urgent clinical need and patent expiry within one year.

The CFDA promulgated the Opinions on Encouraging the Priority Review and Approval for Drug Innovations (《關於鼓勵藥品創新實行優先審評審批的意見》) in December 2017, which further clarified that a fast track clinical trial approval or drug registration pathway will be available to innovative drugs.

The NMPA released 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》) in July 2018, according to which, within 60 days after the acceptance of and the fees paid for the IND application, the applicant may conduct the clinical trials for the drug in accordance with the clinical trial protocol submitted, if the applicant has not received any negative or questioning opinion from the CDE. Such approval process has been further enacted into the 2019 Amendment.

Trial Exemptions and Acceptance of Foreign Data

The NMPA issued the Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data (《接受藥品境外臨床試驗數據的技術指導原則》) in July 2018, as one of the implementing rules for the Innovation Opinions, which provides that overseas clinical data can be submitted for the drug registration applications in China. Such applications can be in the form of waivers to China-based clinical trials, bridging trials and direct NDAs. According to the Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data, sponsors may use the data of foreign clinical trials to support drug registration in China, provided that sponsors must ensure the authenticity, completeness, accuracy and traceability of foreign clinical trial data and such data must be obtained consistent with the relevant requirements under the Good Clinical Trial Practice of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH). Sponsors must also comply with other relevant sections of the Registration Measures when applying for drug registrations in China using foreign clinical trial data.

The NMPA now officially permits, and its predecessor agencies have permitted on a case-by-case basis in the past, drugs approved outside of China to be approved in China on a conditional basis without pre-approval clinical trials being conducted in China. Specifically, the NMPA and the NHC released the Procedures for Reviewing and Approval of Clinical Urgently Needed Overseas New Drugs (《關於臨床急需境外新藥審評審批相關事宜的公告》) in October 2018, permitting drugs that have been approved within the last ten years in the United States, the EU or Japan and that prevent or treat orphan diseases or prevent, or treat serious life-threatening illnesses for which there is either no effective therapy in China, or for which the foreign-approved drug would have clear clinical advantages. Applicants will be required to establish a risk mitigation plan and may be required to complete trials in China after the drug has been marketed. The CDE has developed a list of qualifying drugs that meet the foregoing criteria.

Clinical Trial Process and Good Clinical Practices

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

To improve the quality of clinical trials, the SFDA promulgated the Good Clinical Trial Practice for Drugs (《藥物臨床試驗質量管理規範》) in August 2003, or the GCP Rules. According to the Administration of Quality of Drug Clinical Practice, clinical trial means systematical investigation of drugs conducted on human subjects (patients or healthy volunteers) to prove or reveal the function, adverse reactions and/or absorption, distribution, metabolism and excretion of the drug being investigated. The purpose of a clinical trial is to determine the therapeutic efficacy and safety of the drug.

In April 2020, the NMPA and the NHC promulgated the revised Good Clinical Trial Practice for Drugs (《藥物臨床試驗質量管理規範》), or the Revised GCP Rules, which will come into effective in July 2020, in order to further ensure the quality of clinical trials and the safety of human subjects. As compared to the current effective version, the Revised GCP Rules provides comprehensive and substantive requirements on the design and conduct of clinical trials in China. In particular, the Revised GCP Rules enhances the protection for study subjects and tightens the control over bio-samples collected under clinical trials.

The Revised GCP Rules also set out the qualifications and requirements for the investigators and centers participating in clinical trial, including: (i) professional certification at a clinical trial center, professional knowledge, training experience and capability of clinical trial, and being able to provide the latest resume and relevant qualification documents per request; (ii) being familiar with the trial protocol, investigator's brochure and relevant information of the trial drug provided by the applicant; (iii) being familiar with and comply with the Revised GCP Rules and relevant laws and regulations relating to clinical trials; (iv) keeping a copy of the authorization form on work allocation signed by investigators; (v) investigators and clinical trial centers shall accept supervision and inspection organized by the applicant and inspection by the drug regulatory authorities; and (vi) in the case of investigators and clinical trial centers authorizing other individual or institution to undertake certain responsibilities and functions relating to clinical trial, they shall ensure such individual or institution are qualified and establish complete procedures to ensure the responsibilities and functions are fully performed and generate reliable data.

Communication with the CDE

According to the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs, where the application for clinical trial of new investigational drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for Communication Session to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. Within 60 days after the acceptance of and the fees paid for the IND application, the applicant may conduct the clinical trials for the drug in accordance with the clinical trial protocol submitted, if the applicant has not received any negative or questioning opinion from the CDE.

The NMPA promulgated the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》) in September 2018, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development periods of drugs, mainly including meetings before the IND application, meetings upon the completion of Phase II trials and before the commencement of Phase III trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to meetings not classified as Type I or Type II.

Drug Clinical Trial Registration

According to the Registration Measures, upon obtaining the approval of its IND applications and before conducting a clinical trial, an applicant shall file a registration form with the SFDA containing various details, including the clinical study protocol, the name of the principal researcher of the leading institution, names of participating institutions and researchers, an approval letter from the ethics committee, and a sample of the Informed Consent Form, with a copy sent to the competent provincial administration departments where the trial institutions will be located. The CFDA released the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平臺的公告》) in September 2013, according to which, instead of the aforementioned registration field with the CFDA, all clinical trials approved by the CFDA and conducted in China shall complete a clinical trial registration and publish trial information through the Drug Clinical Trial Information Platform. The applicant shall complete the trial pre-registration within one month after obtaining the approval of the clinical trial approval in order to obtain the trial's unique registration number and complete registration of certain follow-up information before the first subject's enrollment in the trial. If the registration is not completed within one year after the approval of the IND applications, the applicant shall submit an explanation, and if the first submission is not completed within three years, the approval of the IND applications shall automatically expire.

New Drug Application

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

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

Pilot Plan for the Marketing Authorization Holder System

The Innovation Opinions provides a pilot plan for the MAH system.

Under the authorization of the Standing Committee of the NPC, the General Office of the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder Mechanism (《藥品上市許可持有人制度試點方案》) in May 2016, according to which, a detailed pilot plan for the MAH system, for drugs in 10 provinces in China. Under the MAH system, domestic drug research and development institutions and individuals in the pilot regions are eligible to be holders of drug registrations without having to become drug manufacturers. The marketing authorization holders may engage contract manufacturers for manufacturing, provided that the contract manufacturers are licensed, and are also located within the pilot regions. Drugs that qualify for the MAH System are: (1) new drugs (including but not limited to drugs under category I to category IV of chemical drugs, and targeted preparation, sustained release preparation, controlled release preparation under category V of chemical drugs, biological products approved as category I and VII drugs and biosimilars under the Registration Measures) approved after the implementation of the MAH System; (2) generic drugs approved as category III or IV drugs under the Reform Plan for Registration Category of Chemical Medicine; (3) previously approved generics that have passed equivalence assessments against original drugs; and (4) previously approved drugs whose licenses were held by drug manufacturers originally located within the pilot regions, but which have moved out of the pilot regions due to corporate mergers or other reasons.

The CFDA promulgated the Circular on the Matters Relating to Promotion of the Pilot Program for the Drug Marketing Authorization Holder System (《關於推進藥品上市許可持有人制度試點工作有關事項的通知》) in August 2017, which clarified the legal liability of the MAH, 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 preclinical drug study, clinical

trials, manufacturing, marketing and distribution and adverse drug reaction monitoring. According to the Circular on the Matters Relating to Promotion of the Pilot Program for the Drug Marketing Authorization Holder System, the MAH shall submit a report of drug manufacturing, marketing, prescription, techniques, pharmacovigilance, quality control measures and other situations to the CFDA within 20 working days after the end of each year.

According to the Pilot Plan for the Drug Marketing Authorization Holder Mechanism, the pilot plan was originally set for a three-year period and was scheduled to expire in November 2018. The Standing Committee of the NPC promulgated the Decision of Extending the Pilot Period of Authorizing the State Council to Carry out the Pilot Plan for the Drug Marketing Authorization Holder Mechanism in Certain Places (《關於延長授權國務院在部分地方開展藥品上市許可持有人制度試點期限的決定》) in October 2018, which extended the term of the MAH system to November 4, 2019.

According to the 2019 Amendment, which came into effect on December 1, 2019, the MAH system will be applicable throughout the country and the legal representative and the key person-in-charge of a drug MAH shall be fully responsible for the quality of drugs.

Administrative Protection and Monitoring Periods for New Drugs

According to the Registration Measures, the Implementing Regulations of the Drug Administration Law and the Reform Plan for Registration Category of Chemical Medicine, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of not more than five years for Category 1 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 1 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.

The Amended Registration Measures, which will come into effect in July 2020, omits the provisions that provide for such administrative monitoring period.

International Multi-Center Clinical Trials

The International Multi-Center Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) (the "**Multi-Center Clinical Trial Guidelines**"), promulgated by the CFDA in January 2015 and came into effect in March 2015, provided guidance on the implementation of multi-regional clinical trials, or MRCTs, in China. According to the Multi-Center Clinical Trial Guidelines, international multi-center clinical trial applicants may

simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the International Multi-Center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Drug Administration Law, the Implementing Regulations of the Drug Administration Law and the Registration Measures, execute the GCP Rules, make reference to universal international principles such as the ICH-GCP, and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines, Registration Measures and other related laws and regulations.

In April 2020, the NMPA and the NHC promulgated the Revised GCP Rules, which will come into effect in July 2020. The Revised GCP Rules summarizes the requirements for initiating a MRCT, that is, before initiating a MRCT: (i) the applicant shall ensure that all the centers participating in the clinical trial will comply with the trial protocol; (ii) the applicant shall provide each center with the same trial protocol, and each center shall comply with the same unified evaluation criterion for clinical trial and laboratory data and the same guidance for case report form; (iii) each center shall use the same case report form to record the data of each human subject obtained during the trial; (iv) before the initiating of a clinical trial, a written document is required to specify the responsibilities of the investigators of each center; and (v) the applicant shall ensure the communication among the investigators of each center.

Data derived from international multi-center clinical trials can be used for the new drug applications with the NMPA. When using international multi-center clinical trial data to support new drug applications in China, applicants shall submit the completed global clinical trial report, statistical analysis report and database, along with relevant supporting data in accordance with ICH-CTD (International Conference on Harmonization-Common Technical Document) content and format requirements; subgroup research results summary and comparative analysis shall also be conducted concurrently. Leveraging the clinical trial data derived from international multi-center clinical trials conducted by our partners, we may avoid unnecessary repetitive clinical trials and thus further accelerate the NDA process in China.

The CFDA released the Decision on Adjusting Items concerning the Administration of Imported Drug Registration (《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》) in October 2017, which includes the following key points:

- If the International Multicenter Clinical Trial, or IMCCT, of a drug is conducted in China, Phase I clinical trial of the drug is allowed simultaneously. And the IMCCT drug does not need to be approved or entered into either a Phase II or III clinical trial in a foreign country, except for preventive biological products.;

- If the IMCCT is conducted in China, the application for drug marketing authorization can be submitted directly after the completion of the IMCCT. The Registration Measures and relevant laws and regulations shall be complied with for registration application;

- With respect to applications for imported innovative chemical drugs and therapeutic biological products, the marketing authorization in the country or region where the foreign drug manufacturer is located will not be required; and

- With respect to drug applications that have been accepted before the release of this Decision, if relevant requirements are met, importation permission can be granted if such applications request exemption of clinical trials for the imported drugs based on the data generated from IMCCT.

Approval of Human Genetic Resources

The Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the MOH in June 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. The Ministry of Science and Technology promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) in July 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. The Ministry of Science and Technology further promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which became effective in December 2017 and simplified the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

The Regulations of the PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》), promulgated by the State Council in May 2019 and came into effect in July 2019, further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials. However, the type, quantity and usage of the human genetic resource to be used shall be filed with the administrative department of science and technology under the State Council before clinical trials.

Regulations on Import of Urgently Needed Drug in Boao Pilot Zone

According to the Drug Administration Law, based on urgent medical need by medical institution of certain drug that is not yet registered domestically (the "**Urgently Needed Drug**"), subject to the approval of NMPA or competent provincial government, a small amount of such Urgently Needed Drug may be imported but shall be solely applied for specific medical purpose at the designated medical institution.

The State Council issued the Official Reply of the State Council to Approve the Establishment of Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province (《國務院關於同意設立海南博鰲樂城國際醫療旅遊先行區的批復》) in February 2013, according to which, Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province (the "**Boao Pilot Zone**") shall be established as a pilot zone where accelerated approval of the import of Urgently Needed Drug is available. The State Council further issued the Decision on Temporarily Adjusting the Implementation of the Relevant Provisions of the Implementing Measures of the Drug Administration Law in the Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province (《國務院關於在海南博鰲樂城國際醫療旅遊先行區暫時調整實施<中華人民共和國藥品管理法實施條例>有關規定的決定》) in December 2018, according to which, the State Council empowers the People's Government of Hainan Province (the "**Hainan Government**") to approve the import of Urgently Needed Drug (excluding vaccines).

The Hainan Government promulgated the Interim Provisions on the Administration of Imported Drugs of Urgent Need in Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province (《海南博鰲樂城國際醫療旅遊先行區臨床急需進口藥品管理暫行規定》) in April 2019, according to which, a qualified medical institution in the Boao Pilot Zone may apply for the import of Urgently Needed Drug (excluding vaccines and other drugs under special management) and apply to patient on case by case basis. Such application shall be subject to the evaluation and approval of Hainan Provincial Health Commission and the Medical Products Administration of Hainan Province, as well as the customs formalities with Haikou Customs.

Real-Word Data

The NMPA published the Guidelines on Using Real-world Evidence to Support Research, Development and Review of Drugs (Trial) (《真實世界證據支持藥物研發與審評的指導原則(試行)》) on January 3, 2020. Real-world data (the "**RWD**") refers to a variety of data collected on a daily basis related to patients' health conditions and/or diagnosis, treatment and healthcare. Among others, the data collected in the application of Urgent Needed Drug that imported for special medical purpose, like the data collected under the Boao Pilot Program, can be admitted as RWD. Subject to relevance and reliability test, the RWD may be used to form real-world evidence which may be used as a basis for consideration in the NDA approval in the PRC.

The reliability test refers to the evaluation of the following four aspects of the RWD, namely, the completeness, accuracy, transparency and quality guarantee of the RWD. In this regard, under the Boao Pilot Program, the RWD collected for OT-401 and to be collected for OT-502 must satisfy the evaluation of completeness, accuracy, transparency and quality guarantee of the relevant RWD, to be formed as real-world evidence which may be admitted as a basis for consideration in the NDA approval in the PRC.

Regulations on Drug Manufacturing and Distribution

Drug Manufacturing

According to the Drug Administration Law and the Implementing Regulations of the Drug Administration Law, a drug manufacturing enterprise is required to obtain a drug manufacturing license from the relevant provincial drug administration authority of the PRC. The grant of such license is subject to an inspection of the manufacturing facilities, and an inspection to determine whether the sanitary condition, quality assurance systems, management structure and equipment meet the required standards. According to the Regulations of Implementation of the Drug Administration Law and the Measures on the Supervision and Administration of the Manufacture of Drugs (《藥品生產監督管理辦法》), promulgated in August 2004 and amended in November 2017, the drug manufacturing license is valid for five years and shall be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. In addition, the name, legal representative, registered address and type of the enterprise specified in the drug manufacturing certificate shall be identical to that set forth in the business license as approved and issued by the industrial and commercial administrative department.

In January 2020, the SAMR promulgated the revised Measures on the Supervision and Administration of the Manufacture of Drugs, which will come into effect in July 2020. According to such revised measures, to the extent the MAH does not manufacture the drug but through CMO, the MAH shall apply for drug manufacturing license with the provincial counterpart of the NMPA, subject itself to inspections and other regulatory oversight by the agency.

The Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) was promulgated in March 1988 and was amended in June 1999 and January 2011. The Good Manufacturing Practice for Drugs comprises a set of detailed standard guidelines governing the manufacture of drugs, which includes institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and management of customer complaints and adverse event reports.

Drug Distribution

According to the Drug Administration Law and its implementing regulations and the Measures for the Supervision and Administration of Circulation of Pharmaceuticals (《藥品流通監督管理辦法》), which was promulgated by the SFDA in January 2007 and came into effect in May 2007, pharmaceutical enterprise shall be responsible for the quality of pharmaceuticals they manufacture, operate or use, purchase, sale, transportation, storage.

According to the Measures for the Administration of Pharmaceutical Operation Certificate (《藥品經營許可證管理辦法》) which was promulgated in February 2004 and amended in November 2017 by the CFDA, a Medicine Operation Certificate is valid for five years. Each holder of the Medicine Operation Certificate must apply for an extension of its permit six months prior to expiration. The establishment of a wholesale pharmaceutical distribution company requires the approval of the provincial medicine administrative authorities. Upon approval, the authority will grant a Medicine Operation Certificate in respect of the wholesale pharmaceutical product distribution company. The establishment of a retail pharmacy store requires the approval of the local medicine administrative authorities at or above the county level. Upon approval, the authority will grant a Medicine Operation Certificate in respect of the retail pharmacy store.

Regulations on Healthcare System Reform

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

In May 2019, the General Office of the State Council issued the Main Tasks of Healthcare System Reform in 2019 (《深化醫藥衛生體制改革2019年重點工作任務》), highlighting the following policies and regulations (1) reinforcing the degree of cancer prevention and treatment, accelerating the registration and approval of anti-cancer new drugs at home and abroad and remaining the temporary channel of imperative anti-cancer drugs importation open, (2) consolidating and improving the basic medicine system and establishing an inventive and

restrictive mechanism for preferential use. Improving the dynamic adjusting mechanism of the NRDL and incorporating the eligible therapeutic drugs listing in the National Essential Drug List into the NRDL first in accordance with the procedure.

In December 2019, the Standing Committee of the NPC promulgated the Law of the People's Republic of China on Promotion of Basic Medical and Health Care (《中華人民共和國基本醫療衛生與健康促進法》), which will come into effect in June 2020. Such law established the legal framework for the administration of basic medical and health services for citizens in China, including the administration of basic medical care services, medical care institutions, medical staff, guarantee of drug supply, health promotion and guarantee of medical funds.

In February 2020, the Central Committee of the PRC Communist Party and the State Council jointly promulgated the Opinions on Deepening the Reform of the Healthcare Security System (《中共中央、國務院關於深化醫療保障制度改革的意見》), which envisages that a higher level healthcare system should be established by 2030, which centers on basic medical insurance, is underpinned by medical aid and pursues the common development of supplementary medical insurance, commercial health insurance, charitable donations and medial mutual assistance. To this end, such opinions map out tasks in several respects, including making the mechanism of medical insurance benefits guarantee more impartial and appropriate, improving the robust and sustainable operating mechanism for funds raised, establishing more effective and efficient healthcare payment mechanism and enhancing the supervision and administration on medical security fund and etc.

Regulations on Coverage and Reimbursement

Reimbursement under the National Medical Insurance Program

The State Council promulgated the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) in December 1998, according to which, all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》) in July 2007, according to which, urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. According to the Social Insurance Law of Peoples' Republic of China (《中華人民共和國社會保險法》) which was promulgated by the Standing Committee of the NPC in October 2010 and amended in December 2018, all employees are required to enroll in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees as required by the state.

Several authorities including the Ministry of Labor and Social Security and the Ministry of Finance of the PRC, among others, jointly promulgated 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》) in May 1999, which provides that a pharmaceutical product listed in the Medical Insurance Catalog must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements:

- it is set forth in the Pharmacopeia (the prevailing version) of the PRC;
- it meets the standards promulgated by the NMPA; and
- if imported, it is approved by the NMPA for import.

Medical Insurance Catalogue

According to the Notice Regarding the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee issued by the PRC Ministry of Labor and Social Security, together with other government authorities, a drug product listed in the medical insurance catalogue must be clinically necessary, safe, effective, reasonably priced, easy to use and available in sufficient quantity. Besides, the above mentioned authorities have the power to determine the medicines included in the NRDL, which is divided into two parts, Part A and Part B. Patients purchasing medicines included in Part A of the Medical Insurance Catalog are entitled to reimbursement in accordance with the regulations in respect of basic medical insurance. Patients purchasing medicines included in Part B of the Medical Insurance Catalog are required to pay a certain percentage of the purchase price and the remainder of the purchase price shall be reimbursed in accordance with the regulations in respect of basic medical insurance.

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

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

Medical Insurance Reimbursement Standards

The State Council promulgated 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》) in January 2016, which 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.

The General Office of the State Council further released the Guidance On Further Deepening the Reform of the Payment Method of Basic Medical Insurance (《關於進一步深化基本醫療保險支付方式改革的指導意見》) in June 2017. The main objectives are to implement a diversified reimbursement mechanism including diagnosis related groups, per-capita caps, and per-bed-day caps. These new reimbursement methods will be rolled out nationwide by 2020 to replace the current reimbursement method that is based on service category and product price. Local administration of healthcare security will introduce a total budget control for their jurisdictions and decide the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds.

Commercial Insurance

The State Council and the Communist Party of China jointly issued the Plan for Healthy China 2030 (《"健康中國2030"規劃綱要》), or the Plan, in October 2016, according to which, the country would 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 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, the government regulates prices mainly by establishing a consolidated procurement mechanism, revising medical insurance reimbursement standards and strengthening regulation of medical and pricing practices.

The Guiding Opinions of Economic Restructuring Office of the State Council, State Planning Commission and the State Economic and Trade Commission concerning the Urban Pharmaceutical and Healthcare System Reform (《國務院體改辦、國家計委、國家經貿委關於城鎮醫藥衛生體制改革的指導意見》), promulgated in 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 (《醫療機構藥品集中招標採購試點工作若干規定》) promulgated in July 2000 and the Notice of the State Drug Administration on Further Improvement on the Implementation of Centralised Tender Procurement of Drugs by Medical Institutions (《國家藥品監督管理局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 in August 2001, non-profit medical institutions established by county or higher level government are required to implement centralised tender procurement of drugs. 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)》), promulgated in March 2002, provides 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. The Notice of the Financial Planning Department of Ministry of Health on Issue of Opinions on Further Regulating Centralised Procurement of Drugs by Medical Institutions (《衛生部財務規劃司關於印發<進一步規範醫療機構藥品集中採購工作的意見>的通知》) was promulgated in January 2009, according to which, non-profit 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 non-profit medical institutions shall be covered by the catalogue of drugs subject to centralised procurement. 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》) was promulgated in July 2010, which further regulates the centralised procurement of drugs and clarify the code of conduct of the parties in

centralized drug procurement. The Guiding Opinions of the General Office of the State Council 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 in February 2015 by the General Office of the State Council further clarifies seven specific instructions on the centralised procurement of drugs. 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》) was promulgated in April 2016, which further improves the mechanism of price negotiation of the drug. The Opinions of the General Office of the State Council 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》) promulgated in January 2017 by the General Office of the State Council aims to deepen the reform of medicine health system, improve the quality of the drug and regulate the circulation and use of the drug. The Notice of the General Office of the State Council on Issuing Pilot Plan of Centralised Procurement and Use of the Drug Organised by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》) promulgated in January 2019 aims to improve the pricing mechanism of the drug, which also further regulates the scope and mode of centralised procurement. The Circular of the National Healthcare Security Administration on Issuing the Opinions on Effectively Carrying out Drug Price Administration at Present (《國家醫療保障局關於印發<關於做好當前藥品價格管理工作的意見>的通知》) was promulgated by National Healthcare Security Administration in November 2019, which expounds on works in four aspects, including getting aligned with and improving the existing drug price policies, establishing and improving a normalization mechanism of drug price regulation, effectively carrying out price tendering and procurement related to safeguarding the supply and stabilizing the prices of drugs in short supply, as well as strengthening the organization of regulatory authorities and enhancing their administration.

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 PRC GOVERNMENT REGULATIONS

Regulations on Intellectual Property Rights

In terms of international conventions, China has entered into (including but not limited to) the Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協定》), the Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》) and the Patent Cooperation Treaty (《專利合作條約》).

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC in March 1984, as amended in September 1992, August 2000 and December 2008, and came into effect in 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 in June 2001 and as amended in December 2002 and January 2010, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent and 10 years for a utility model patent and a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law of the PRC, for public health purposes, the State Intellectual Property Office of the PRC may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, according to the Patent Law of the PRC, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the State Intellectual Property Office for confidentiality examination.

Patent Enforcement

Unauthorized use of patents without consent from owners of patents, forgery of the patents belonging to other persons, or engagement in other patent infringement acts, will subject the infringers to infringement liability. Serious offences such as forgery of patents may be subject to criminal penalties.

A patent owner, or an interested party who believes the patent is being infringed, may either file a civil legal suit or file an administrative complaint with the relevant patent administration authority. A PRC court may issue a preliminary injunction upon the patent holder's or an interested party's request before instituting any legal proceedings or during the proceedings. Damages for infringement are calculated as the loss suffered by the patent holder arising from the infringement or the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be determined by using a reasonable multiple of the license fee under a contractual license. Statutory damages may be awarded in the circumstances where the damages cannot be determined by the above-mentioned calculation standards. The damage calculation methods shall be applied in the aforementioned order.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the NPC in September 1993, and amended in November 2017 and April 2019 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigating, inducing or assisting others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of trade secrets, disclosing, using or permitting others to use the trade secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC in August 1982, and amended in February 1993, October 2001, August 2013 and April 2019 respectively, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten 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 behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to the law.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology in August 2017, and the Implementing Rules on Registration of Domain Names (《中國互聯網絡信息中心域名註冊實施細則》) promulgated by China Internet Network Information Center in September 2002, which came into effect in December 2002 and was lastly amended in May 2012. The Ministry of Industry and Information Technology is the main regulatory body responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on Product Liability

In addition to the strict new drug approval process, certain PRC laws have been promulgated to protect the rights of consumers and to strengthen the control of medical products in the PRC. Under current PRC law, manufacturers and vendors of defective products in the PRC may incur liability for loss and injury caused by such products. According to the General Principles of the Civil Law of the PRC (《中華人民共和國民法通則》) (the "**PRC Civil Law**"), promulgated in April 1986 and amended in August 2009, a defective product which causes property damage or physical injury to any person may subject the manufacturer or vendor of such product to civil liability for such damage or injury.

In February 1993, the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**") was promulgated to supplement the PRC Civil Law aiming to protect the legitimate rights and interests of the end-users and consumers and to strengthen the supervision and control of the quality of products. The Product Quality Law was last revised in December 2018. According to the revised Product Quality Law, manufacturers who produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated in October 1993 and amended in October 2013 to protect consumers' rights when they purchase or use goods and accept services. According to which, all business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the latest amendment, all business operators shall pay high attention to protect the customers' privacy and strictly keep it confidential any consumer information they obtain during the business operation. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

Regulations on Tort

According to the Tort Law (《中華人民共和國侵權責任法》) of the PRC promulgated by the Standing Committee of the NPC in December 2009, if damages to other persons are caused by defective products due to the fault of a third party, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures such as issuance of a warning, recall of products, etc. in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

Regulations on Commercial Briberies in Pharmaceutical Industry

According to the Regulations on the Establishment of Adverse Records with Respect to Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), promulgated in January 2007 and amended in December 2013, where a manufacturer of drugs, medical devices and medical disposables, an enterprise, an agency or an individual offers staff of a medical institution any items of value or other benefits, the enterprise should be listed in the adverse records with respect to commercial bribery in the event of the following circumstances: (1) where the act has constituted a crime of bribery as determined by the ruling of a people's court, or where the circumstance of crime is not serious enough for the imposition of criminal punishment and criminal punishment is exempted as decided by the people's court in accordance with the Criminal Law; (2) where the circumstance of the crime of bribery is minor and the relevant people's procuratorate has decided not to lodge a prosecution; (3) where a discipline inspection and supervision authority has initiated a case of bribery and conducted investigation, and punishment has been imposed in accordance with the law; (4) where administrative penalties against the act of bribery have been imposed by, *inter alia*, the finance administration, the SAMR, the NMPA; (5) any other circumstances specified by laws, regulations and rules. If medical production and operation enterprises be listed into the Adverse Records of Commercial Briberies for the first time, their products shall not be purchased by public medical institutions, and medical and health institutions receiving

financial subsidies in local province for two years since publication of the record, and public medical institution, and medical and health institutions receiving financial subsidies in other province shall lower their rating in bidding or purchasing process. If medical production and operation enterprises be listed into the Adverse Records of Commercial Bribery more than once in five years, their products shall not be purchased by public medical institutions, and medical and health institutions receiving financial subsidies nationwide for two years since publication of the record.

Regulations on Foreign Exchange and the Dividend Distribution

Foreign Exchange Control

According to the PRC Regulation for the Foreign Exchange (《中華人民共和國外匯管理條例》) promulgated by the State Council in January 1996, which was amended in January 1997 and August 2008, and the Regulation on the Administration of the Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China in June 1996, foreign exchanges required for distribution of profits and payment of dividends may be purchased from designated foreign exchange banks in the PRC upon presentation of a board resolution authorizing distribution of profits or payment of dividends.

According to the Circular of SAFE on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and its appendix promulgated in November 2012 and amended in May 2015, October 2018 and December 2019 by the SAFE, (1) the opening of and payment into foreign exchange accounts under direct investment accounts are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-funded enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment accounts are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment account is no longer subject to approval by SAFE; and (6) the administration over the conversion of foreign exchange capital of foreign-invested enterprises is improved. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was further amended in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

The Provisions on the Administration of Foreign Exchange in Foreign Direct Investments by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), which were promulgated by the SAFE in May 2013 and amended in October 2018 and December 2019, regulate and clarify the administration over foreign exchange administration in foreign direct investments.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) promulgated by the SAFE in Mach 2015 and amended in December 2019, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE in June 2016, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity.

Dividend Distribution

The SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Foreign Exchange Registration of Offshore Investment by PRC Residents

The SAFE promulgated the SAFE Circular 37 in July 2014. The SAFE Circular 37 requires PRC residents (including PRC institutions and individuals) must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle (the "**SPV**") directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such PRC residents are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV.

Failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

Employee Stock Incentive Plan

According to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》) which was promulgated by SAFE in February 2012, PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, the SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

Regulations on Labor

Labor Law and Labor Contract Law

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the NPC in July 1994 and amended in August 2009 and December 2018 respectively, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the NPC in June 2007 and amended in December 2012 and came into effect 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 in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

Social Insurance and Housing Provident Funds

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the NPC in October 2010 and came into effect in July 2011, and further amended in December 2018, and 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 in January 1999 and amended in March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and amended in March 2002 and 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. Any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Regulations on Enterprise Income Tax

According to the EIT Law promulgated by the NPC in March 2007 and amended in February 2017 and December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council in December 2007 and amended in April 2019, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

According to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Double Tax Avoidance Arrangement**") promulgated and came into effect in August 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定

股息條款有關問題的通知》) which was promulgated by the STA in February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》) which was promulgated by the STA in February 2018 and came into effect in April 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Other PRC National and Provincial-Level Laws and Regulations

We are subject to changing regulations under many other laws and regulations administered by governmental authorities at the national, provincial and municipal levels, some of which are or may become applicable to our business. For example, regulations control the confidentiality of patients' medical information and the circumstances under which patient medical information may be released for inclusion in our databases, or released by us to third parties. These laws and regulations governing both the disclosure and the use of confidential patient medical information may become more restrictive in the future.

We also comply with numerous additional national and provincial laws relating to matters such as safe working conditions, manufacturing practices, environmental protection and fire hazard control. We believe that we are currently in compliance with these laws and regulations; however, we may be required to incur significant costs to comply with these laws and regulations in the future. Unanticipated changes in existing regulatory requirements or adoption of new requirements could therefore have a material adverse effect on our business, results of operations and financial condition.

OVERVIEW

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a significant first-mover advantage over future competitors. Our Company was founded by 6 Dimensions, specialist healthcare private equity funds and incubators and Controlling Shareholders of our Company, as an incubation project and a financial investment with the goal to develop a leading and independent ophthalmology platform (the "**Ocumension Platform**"). For the background and relevant industry experience of 6 Dimensions, please refer to the subsection headed "Pre-[**REDACTED**] Investments" in this section and the section headed "Relationship with Controlling Shareholders" in this document.

Our Company was incorporated as an exempt company with limited liability in the Cayman Islands on February 27, 2018 by utilizing 6 Dimensions' own capital. Prior to the formal establishment of the Company's legal entity, the principal businesses of the Group had already started back in 2017, focusing on researching and developing through either in-licensing or self-developing ophthalmic therapies. Over the past few years, we have developed into an ophthalmic pharmaceutical company with a market-driven, designed pipeline of 16 drugs and drug candidates.

KEY MILESTONES

The following sets forth certain key business development milestones of our Group:

Year	Event
January 2017	• 6 Dimensions started incubation of the Ocumension Platform by establishing an incubation team
February 2018	• Our Company was incorporated in the Cayman Islands
March 2018	• A letter of interest indication relating to in-license of OT-401 (YUTIQ) was entered into between 6 Dimensions and EyePoint
May 2018	• Our principal operating subsidiary, Ocumension Shanghai, was established in the China (Shanghai) Pilot Free Trade Zone as a wholly foreign owned enterprise by Ocumension Hong Kong
October 2018	• We obtained type B preliminary meeting comments from the FDA on the research of OT-101

Year	Event
November 2018	• We entered into an exclusive license agreement relating to OT-401 (YUTIQ) with EyePoint
December 2018	• We obtained the Medicines & Healthcare Products Regulatory Agency's ("**MHRA**") scientific advice letter on the research of OT-101, in which the MHRA generally demonstrated a positive attitude
	• We entered into an exclusive license agreement relating to OT-301 (NCX 470) with Nicox
February 2019	• Our Series A financing was completed which in aggregate raised approximately US$20 million
March 2019	• We obtained EMA's scientific advice letter on the research of OT-101
	• We entered into an exclusive license agreement relating to OT-1001 (ZERVIATE, an eye drop to treat ocular itching associated with allergic conjunctivitis) with Nicox Ophthalmics Inc.
June 2019	• Our Series B financing was completed which in aggregate raised US$180 million
August 2019	• We successfully obtained an IND approval from the NMPA to initiate a bridging Phase III clinical trial in the PRC for OT-401
	• OT-401 was approved first for treatments on patients under the Boao Pilot Program
October 2019	• Ocumension Hong Kong entered into a cooperation agreement with the Management Committee of Suzhou Wuzhong Economic and Technological Development Zone (蘇州吳中經濟技術開發區管理委員會), based on which development has begun on an ophthalmic pharmaceutical manufacturing facility in Suzhou and the facility will contain a state-of-the-art research laboratory
November 2019	• We initiated the Phase III trial of OT-401 in China and enrolled the first patient

Year	Event
December 2019	• Ocumension Shanghai entered into a product transfer and cooperation agreement relating to Ou Qin (an hyaluronic acid eye drop to treat dry eye) with Huonland. Ou Qin obtained the NDA approval from the NMPA in July 2019
January 2020	• We submitted an abbreviated NDA for 0.5% moxifloxacin eye drop (a moxifloxacin antibiotic eye drop to treat bacterial conjunctivitis) to the NMPA
February 2020	• Our second operating subsidiary, Ocumension Suzhou, was established by Ocumension Hong Kong in Suzhou, China • Ocumension Shanghai entered into a product agency agreement relating to brimonidine tartrate eye drop with Huonland. Brimonidine tartrate eye drop obtained the NDA approval from the NMPA in July 2016
March 2020	• We commercially launched brimonidine tartrate eye drop
April 2020	• We commercially launched Ou Qin
May 2020	• Our third operating subsidiary, Ocumension Zhejiang, was established by Ocumension Hong Kong in Hangzhou, China

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR GROUP

Our business operations were conducted through our operating subsidiaries, namely Ocumension Shanghai, Ocumension Suzhou and Ocumension Zhejiang. Ocumension Shanghai made a material contribution to our results of operations during the Track Record Period and hence is our principal operating subsidiary. The following sets forth the major corporate history and shareholding changes of our Company and our subsidiaries.

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 27, 2018 with an authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1.00 each as at the date of incorporation.

(i) Subdivision of the Share Capital and Share Subscription by the Pre-Series A Shareholders

On May 23, 2018, our Company passed a special resolution, pursuant to which the share capital of the Company was subdivided into 500,000,000 Shares and such Shares were reclassified and re-designated into (i) 480,000,000 ordinary shares of par value of US$0.0001 each, and (ii) 20,000,000 series A preferred shares of par value of US$0.0001 each ("**Series A Preferred Shares**").

Pursuant to two ordinary share subscription letters dated May 23, 2018 and two ordinary share subscription letters dated July 12, 2018 entered into by the Company, 6 Dimensions Capital and 6 Dimensions Affiliates, respectively, a total of 3,050,000 ordinary shares of the Company were issued to 6 Dimensions Capital and 6 Dimensions Affiliates on May 23, 2018 and August 28, 2018, respectively, at a purchase price of US$0.001 per share for a total consideration of US$3,050.

Pursuant to two option agreements entered into between the Company, Ocumension Hong Kong, Ocumension Shanghai and Suzhou Frontline II and Suzhou 6 Dimensions on July 12, 2018, respectively (the "**Option Agreements**"), the Company issued share options to Suzhou Frontline II and Suzhou 6 Dimensions to purchase a total of 3,050,000 ordinary shares. As part of the corporate restructuring, Suzhou Frontline II and Suzhou 6 Dimensions further exercised their share options under the Option Agreements and purchased the relevant ordinary shares on September 18, 2019. Please refer to "—Restructuring" below for more details.

Pursuant to two ordinary share subscription letters and two restricted share agreements entered into by the Company and other four pre-series A shareholders (together with 6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions, the "**Pre-Series A Shareholders**") on August 28, 2018, respectively, a total of 540,555 ordinary shares of the Company were issued to such Pre-Series A Shareholders on August 28, 2018 at a purchase price of US$0.001 per share for a total consideration of US$540. Details are set forth as follows:

Name of Shareholder	**Number of Shares Issued**	**Consideration** *(US$)*
6 Dimensions Capital	2,897,500 ordinary shares	2,897.5
6 Dimensions Affiliates	152,500 ordinary shares	152.5
Suzhou Frontline II	2,135,000 ordinary shares	2,135
Suzhou 6 Dimensions	915,000 ordinary shares	915
Mr. Ye LIU	290,370 ordinary shares	290
Dr. Changdong LIU	145,185 ordinary shares	145
Dr. Steven Brian LANDAU	90,000 ordinary shares	90
Dr. Riccardo Nazzareno PANICUCCI	15,000 ordinary shares	15
Total	**6,640,555 ordinary shares**	**6,640**

(ii) Offshore Series A Financing

Pursuant to (i) a series A share purchase agreement and (ii) an amended and restated series A share purchase agreement entered into among the Company, Ocumension Hong Kong, Ocumension Shanghai, 6 Dimensions Capital and 6 Dimensions Affiliates on May 23, 2018 and July 12, 2018, respectively, a total of 9,500,000 and 500,000 Series A Preferred Shares were issued to 6 Dimensions Capital and 6 Dimensions Affiliates on August 28, 2018 and November 22, 2018, respectively, at a purchase price of US$1.00 per share for a total consideration of US$10,000,000.

Pursuant to the Option Agreements, the Company issued share options to purchase 7,000,000 Series A Preferred Shares to Suzhou Frontline II and 3,000,000 Series A Preferred Shares to Suzhou 6 Dimensions. As part of the corporate restructuring, Suzhou Frontline II and Suzhou 6 Dimensions further exercised their share options under the Option Agreements and purchased the relevant Series A Preferred Shares on September 18, 2019. Please refer to "— Restructuring" below for more details.

Pursuant to a series A share purchase agreement entered into between the Company, Ocumension Hong Kong, Ocumension Shanghai and Mr. Ye LIU on February 21, 2019, 293,303 Series A Preferred Shares were issued to Mr. Ye LIU on February 21, 2019 at a purchase price of US$1.00 per share for a total consideration of US$293,303. Details of which are set forth as follows:

Name of Investor	**Number of Series A Preferred Shares Issued**	**Consideration** *(US$)*
6 Dimensions Capital	9,500,000 Series A Preferred Shares	9,500,000
6 Dimensions Affiliates	500,000 Series A Preferred Shares	500,000
Suzhou Frontline II	7,000,000 Series A Preferred Shares	7,000,000
Suzhou 6 Dimensions	3,000,000 Series A Preferred Shares	3,000,000
Mr. Ye LIU	293,303 Series A Preferred Shares	293,303
Total	**20,293,303 Series A Preferred Shares**	**20,293,303**

(iii) Offshore Series B Financing

The Company further entered into a series B share purchase agreement with series B investors (the "**Series B Investors**") on May 29, 2019. In connection with the Series B financing, a total of 17,598,204 Series B Preferred Shares were issued to the following investors on June 18, 2019 at a purchase price of approximately US$10.23 per share for a total consideration of US$180,000,000.

Name of Investor	**Number of Series B Preferred Shares Issued**	**Consideration** *(US$)*
Summer Iris Limited	7,821,423 Series B Preferred Shares	80,000,000
TLS Beta Pte. Ltd.	4,888,390 Series B Preferred Shares	50,000,000
General Atlantic Singapore OT Pte. Ltd.	2,053,124 Series B Preferred Shares	21,000,000
Southern Creation Limited	684,375 Series B Preferred Shares	7,000,000
3W Partners Fund II, L.P.	684,375 Series B Preferred Shares	7,000,000
ERVC Healthcare IV, L.P.	488,839 Series B Preferred Shares	5,000,000
Cormorant Private Healthcare Fund II, LP	381,099 Series B Preferred Shares	3,898,001
Cormorant Global Healthcare Master Fund, LP	97,719 Series B Preferred Shares	999,501
CRMA SPV, L.P.	10,021 Series B Preferred Shares	102,498
Avict Global Holdings Limited	488,839 Series B Preferred Shares	5,000,000
Total	**17,598,204 Series B Preferred Shares**	**180,000,000**

For further details of the share subscriptions above, please see the paragraph headed "—Pre-[**REDACTED**] Investments" in this section.

(iv) Share Issue to Coral Incentivization

On April 30, 2020, the Company issued 2,400,000 ordinary shares to Coral Incentivization at par value of US$0.0001 on trust for the benefits of selected employees of the Company pursuant to the terms of the RSU Scheme. For details of the RSU Scheme, please refer to "Statutory and General Information—D. Share Incentive Schemes—2. RSU Scheme" in Appendix IV to this document.

Ocumension Hong Kong

On March 7, 2018, Ocumension (Hong Kong) Limited (歐康維視生物醫藥(香港)有限公司) ("**Ocumension Hong Kong**"), was incorporated as a direct wholly owned subsidiary of our Company in Hong Kong. After that, we further commenced the formation of our PRC subsidiaries and operations.

Ocumension Shanghai

On May 25, 2018, our principal operating subsidiary, Ocumension Shanghai, was established in the China (Shanghai) Pilot Free Trade Zone as a wholly foreign owned enterprise by Ocumension Hong Kong. The principal business of Ocumension Shanghai is identifying, developing and commercializing therapies for ophthalmic patients in China.

For the purpose of an onshore series A financing, on July 12, 2018, Suzhou Frontline II, Suzhou 6 Dimensions and Ocumension Shanghai entered into a capital increase agreement, pursuant to which Suzhou Frontline II subscribed US$2,857,003 registered capital of Ocumension Shanghai in a total subscription price of US$7,002,135, and Suzhou 6 Dimensions subscribed US$1,224,430 registered capital of Ocumension Shanghai in a total subscription price of US$3,000,915, therefore increasing the registered capital of Ocumension Shanghai from US$5,000,000 to US$9,081,433. Upon completion of such capital increase and subscription, Ocumension Shanghai was converted from a wholly foreign owned enterprise to a sino-foreign equity joint venture, and Suzhou Frontline II, Suzhou 6 Dimensions and Ocumension Hong Kong were interested in 31.46%, 13.48% and 55.06% equity interest of Ocumension Shanghai, respectively. The consideration was determined with reference to the future prospects of Ocumension Shanghai and based on arm's length negotiation, and was fully settled in equivalent Renminbi by the respective parties on July 19, 2018 and December 7, 2018.

Shareholding Restructuring

On June 17, 2019, Suzhou Frontline II, Suzhou 6 Dimensions and Ocumension Hong Kong entered into an equity transfer agreement, pursuant to which Suzhou Frontline II and Suzhou 6 Dimensions transferred their respective 31.46% and 13.48% equity interests in Ocumension Shanghai to Ocumension Hong Kong. Ocumension Hong Kong has paid Suzhou Frontline II and Suzhou 6 Dimensions the consideration of the transfer of equity interests in Ocumension Shanghai using the total consideration of US$7,002,135 and US$3,000,915 which were the initial investment amount of Suzhou Frontline II and Suzhou 6 Dimensions to Ocumension Shanghai, and such consideration were fully settled by the respective parties on September 12, 2019. Upon completion of such equity transfer, Ocumension Shanghai was converted from a sino-foreign equity joint venture to a wholly foreign owned enterprise.

As further steps of the corporate restructuring, on September 18, 2019, Suzhou Frontline II and Suzhou 6 Dimensions further exercised their share options under the Option Agreements and purchased relevant ordinary shares (please refer to "—Our Company—(i) Subdivision of the Share Capital and Share Subscription by the Pre-Series A Shareholders" above for more details) and Series A Preferred Shares (please refer to. "—Our Company—(ii) Offshore Series A Financing" above for more details).

Our PRC Legal Advisor has confirmed that all approvals and filings in relation to the equity transfers in the PRC as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations. Our PRC Legal Advisor has further confirmed that the equity transfers in the PRC as described above have been properly and legally completed in accordance with the PRC laws and regulations.

Ocumension Suzhou

On February 11, 2020, Ocumension Suzhou was established as a wholly foreign owned enterprise by Ocumension Hong Kong in Suzhou, China. We plan to establish our research laboratory in Suzhou, which will become the center of our research activities and further strengthen our research and development ability.

Ocumension Zhejiang

On May 11, 2020, Ocumension Zhejiang was established as a wholly foreign owned enterprise by Ocumension Hong Kong in Hangzhou, China. Ocumension Zhejiang will be a sales platform of our Group dedicated to meet the Good Supply Practice for Pharmaceutical Products.

PRE-[REDACTED] INVESTMENTS

Overview

Our Company underwent several rounds of Pre-[**REDACTED**] Investments, including Series A and Series B financing as described above.

Capitalization of the Company

The below table is a summary of the capitalization of the Company:

Shareholders as at the Latest Practicable Date	Ordinary shares as at the Latest Practicable Date	Series A Preferred Shares as at the Latest Practicable Date	Series B Preferred Shares as at the Latest Practicable Date	Aggregate number of ordinary shares and Preferred Shares as at the Latest Practicable Date	Aggregate ownership percentage as at the Latest Practicable Date[1]	Ownership percentage as of the [REDACTED]
6 Dimensions Entities	6,100,000	20,000,000	–	26,100,000	55.61%	[REDACTED]
6 Dimensions Capital	*2,897,500*	*9,500,000*	–	*12,397,500*	*26.42%*	[REDACTED]
6 Dimensions Affiliates	*152,500*	*500,000*	–	*652,500*	*1.39%*	[REDACTED]
Suzhou Frontline II	*2,135,000*	*7,000,000*	–	*9,135,000*	*19.46%*	[REDACTED]
Suzhou 6 Dimensions	*915,000*	*3,000,000*	–	*3,915,000*	*8.34%*	[REDACTED]
Mr. Ye LIU	290,370	293,303	–	583,673	1.24%	[REDACTED]
Dr. Changdong LIU	145,185	–	–	145,185	0.31%	[REDACTED]
Dr. Steven Brian LANDAU	90,000	–	–	90,000	0.19%	[REDACTED]
Dr. Riccardo Nazzareno PANICUCCI	15,000	–	–	15,000	0.03%	[REDACTED]
Summer Iris Limited	–	–	7,821,423	7,821,423	16.67%	[REDACTED]
TLS Beta Pte. Ltd.	–	–	4,888,390	4,888,390	10.42%	[REDACTED]
General Atlantic Singapore OT Pte. Ltd.	–	–	2,053,124	2,053,124	4.37%	[REDACTED]
Southern Creation Limited	–	–	684,375	684,375	1.46%	[REDACTED]
3W Partners Fund II, L.P.	–	–	684,375	684,375	1.46%	[REDACTED]
ERVC Healthcare IV, L.P.	–	–	488,839	488,839	1.04%	[REDACTED]

Shareholders as at the Latest Practicable Date	Ordinary shares as at the Latest Practicable Date	Series A Preferred Shares as at the Latest Practicable Date	Series B Preferred Shares as at the Latest Practicable Date	Aggregate number of ordinary shares and Preferred Shares as at the Latest Practicable Date	Aggregate ownership percentage as at the Latest Practicable Date[1]	Ownership percentage as of the [REDACTED]
Cormorant Private Healthcare Fund II, LP	–	–	381,099	381,099	0.81%	[REDACTED]
Cormorant Global Healthcare Master Fund, LP	–	–	97,719	97,719	0.21%	[REDACTED]
CRMA SPV, L.P.	–	–	10,021	10,021	0.02%	[REDACTED]
Avict Global Holdings Limited	–	–	488,839	488,839	1.04%	[REDACTED]
Total	**6,640,555**	**20,293,303**	**17,598,204**	**44,532,062**	**94.89%**[2]	[REDACTED]

Note:

1. The percentage figures included in this table have been subject to rounding adjustments. Therefore, figure shown as total may not be an arithmetic aggregation of the figures above.

2. The total percentage does not take into account the equity interests held by Coral Incentivization.

Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' rights

The below table summarizes the principal terms of the Pre-[**REDACTED**] Investments:

	Series A	**Series B**
Cost per Preferred Share paid	US$1.00	Approximately US$10.23
Date of the agreement	May 23, 2018, July 12, 2018 and February 21, 2019	May 29, 2019
Funds raised by the Group (approximation)	US$20,293,303	US$180,000,000
Corresponding valuation of the Company (approximation)	US$29,330,338	US$480,000,000[(1)]
Date on which investment was fully settled	February 21, 2019	June 18, 2019
	[**REDACTED**]	
Lock-up Period	The ordinary shares held by the employees and advisors of the Company and their transferee are subject to a lock-up prior to a qualified public offering[(2)], unless with the prior written consents of the holders of more than 75% of the Series A Preferred Shares.	The ordinary shares held by the employees and advisors of the Company and their transferee are subject to a lock-up prior to a qualified public offering[(2)], unless with the prior written consents of the holders of at least two-thirds of then outstanding Series A Preferred Shares and the holders of at least two-thirds of then outstanding Series B Preferred Shares.

	Series A	Series B
Use of Proceeds from the Pre-[**REDACTED**] Investments	The proceeds received from the sale and issuance of the Series A Preferred Shares and Series B Preferred Shares shall be used for the purpose of research and development, and general working capital of the Company. As of the Latest Practicable Date, approximately 25.9% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized by our Group.	
Strategic benefits the Pre-[**REDACTED**] Investors brought to our Company	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[**REDACTED**] Investors' investments in our Company and the Pre-[**REDACTED**] Investors' knowledge and experience.	

Note:

1. The valuation of the Company increased significantly during the period between our series A financing and series B financing (the "**Period**"), primarily because (i) we entered into an exclusive license agreement relating to OT-401 (YUTIQ) with EyePoint in November 2018; (ii) we entered into an exclusive license agreement relating to OT-301 (NCX 470) and OT-1001 (ZERVIATE) with Nicox in December 2018 and March 2019, respectively; (iii) we entered into an exclusive license agreement relating to OT-701 with Senju and GTS in January 2019; (iv) we have made progress for our products including OT-101, YUTIQ, OT-302 and OT-601 during the Period; and (v) we have demonstrated strong execution capabilities in our operations as compared to our peers.

2. A qualified public offering (the "**Qualified Public Offering**") means a firm underwritten public offering of the Shares of the Company on a recognized international or national securities exchange, with an [**REDACTED**] and gross proceeds as agreed by the Pre-[**REDACTED**] Investors in the shareholders agreement.

Special Rights of the Pre-[REDACTED] Investors

Our Company, Ocumension Hong Kong, Ocumension Shanghai, the Pre-Series A Shareholders and the Pre-[**REDACTED**] Investors entered into a second amended and restated shareholders agreement on June 18, 2019 (the "**Shareholders Agreement**"), pursuant to which certain shareholder rights were agreed among the parties.

Pursuant to the Shareholders Agreement, the Pre-[**REDACTED**] Investors were granted certain special rights, including but not limited to (i) the right to have access to financial information and inspect the facilities, personnel, records and books of the Group; (ii) the right to appoint and remove Directors; (iii) the registration rights including demand and piggyback registration rights; (iv) the preemptive right to purchase newly issued Shares on a *pro rata* basis; (v) the right of first refusal; (vi) the co-sale right; (vii) the drag-along rights and (viii) protective provisions according to which certain acts of the Company require the prior written approval

of at least two thirds of each of the Series A Shareholders and the Series B Shareholders. In addition, certain Shares held by some management members are prohibited from being transferred without consent of the Pre-[**REDACTED**] Investors prior to a Qualified Public Offering.

Pursuant to an amendment to the Shareholders Agreement executed by the Shareholders, the drag-along rights were terminated on April 24, 2020. All the other shareholder rights granted under the Shareholders Agreement will be qualified by the Company's compliance with all applicable rules and regulations and terminated upon the completion of a Qualified Public Offering either automatically as provided under the Shareholders Agreement or pursuant to the amendment to the Shareholders Agreement.

Information about the Pre-[REDACTED] Investors

The background information of our Pre-[**REDACTED**] Investors is set out below.

1. The Controlling Shareholders, 6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions (the "**6 Dimensions Entities**") were formed from the collaboration and co-branding of WuXi Healthcare Ventures and Frontline BioVentures, with an in-depth focus on healthcare and extensive coverage across China and/or the United States. WuXi Healthcare Ventures is a leading global healthcare venture capital fund that focuses on life science and healthcare. Dr. Wei Li, our executive Director, is a minority shareholder of WuXi Healthcare Management, LLC, which is the sole general partner of WuXi Healthcare Ventures. Frontline BioVentures is a venture capital firm with expertise and broad network in the life sciences industry in China, of which our executive Director, Dr. Lian Yong Chen, is a managing partner. The assets under management of WuXi Healthcare Ventures and Frontline BioVentures were approximately US$289 million and US$394 million, respectively, before their merge to form 6 Dimensions Capital. The respective investment committee of each of the 6 Dimensions Entities comprises of the same members and hence the investment decisions of the 6 Dimensions Entities are ultimately under the control of such members. Therefore, 6 Dimensions Entities are together entitled to exercise more than 30% of the voting power at general meetings of the Company. The portfolio companies of the 6 Dimensions Entities include, among others, CStone Pharmaceuticals, Hua Medicine, Unity Biotechnology, Inc., 111, Inc., Grail, Inc. and Viela Bio, Inc., all of which are biotech or pharmaceutical companies.

2. Summer Iris Limited is a Sophisticated Investor. It is an exempted company with limited liability incorporated under the laws of the Cayman Islands. It is wholly owned by Boyu Capital Fund IV, L.P. Boyu Capital Group Management Ltd. ("**Boyu**") is the management company of Boyu Capital Fund IV, L.P. Boyu is a leading China-focused private investment firm providing growth and transformational capital for industry-leading businesses in Greater China. Boyu's investments in the healthcare sector include, among others, WuXi Apptec, CStone Pharmaceuticals, Viela Bio, Inc. and Hansoh Pharmaceutical Group Co., Ltd.

3. TLS Beta Pte. Ltd. is a Sophisticated Investor. It is a company incorporated in Singapore in 2005, being an indirectly wholly owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Temasek's investments in the China life sciences sector include WuXi AppTec, Aier Eye Hospital Group Co., Ltd., Hangzhou Tigermed Consulting Co., Ltd., Innovent Biologics, Inc. and BeiGene, Ltd.

4. General Atlantic Singapore OT Pte. Ltd. is a Sophisticated Investor. It is a private company limited by shares, incorporated under laws of Singapore in 2018. It is wholly-owned by General Atlantic Singapore Fund Pte. Ltd. ("**GASF**"). GASF, which is incorporated in Singapore, is a private equity fund based in Singapore that makes and holds investments in growth companies in Asia, including the PRC, Hong Kong, India, Singapore, Indonesia and other regions of Asia. It is part of the General Atlantic private equity group, a leading global growth equity firm providing capital and strategic support for growth companies. The manager of GASF is General Atlantic Singapore Fund Management Pte. Ltd. ("**GASFM**"). GASFM is wholly-owned by General Atlantic Service Company, L.P., an investment advisor registered with the United States Securities and Exchange Commission. The portfolio companies held by General Atlantic private equity group include companies in the pharmaceutical, biotech, medical devices and healthcare services sectors.

5. Southern Creation Limited is a Sophisticated Investor. It is a special purpose vehicle incorporated in British Virgin Islands in 2015 and an affiliate of Lake Bleu Capital, specializing in the investment in healthcare companies in the Greater China area. The portfolio companies held by Southern Creation includes pharmaceutical, biotech and medical devices companies.

6. 3W Partners Fund II, L.P. is a Sophisticated Investor. It is an exempted limited partnership registered under the laws of the Cayman Islands managed by 3W Partners GP II Limited as its general partner. 3W Partners GP II Limited was incorporated in the Cayman Islands by 3W Partners Capital, an independent fund manager which currently manages approximately US$400 million of assets with focus primarily on privately-owned companies with growth potential. The limited partners of 3W Partners Fund II, L.P. are institutional investors, family offices and high net worth individuals. 3W Partners Fund II, L.P. seeks long-term capital appreciation primarily through privately-negotiated equity and equity-related investments. The portfolio companies of 3W Partners Fund II, L.P. in the healthcare sector include Hua Medicine and CStone Pharmaceuticals.

7. ERVC Healthcare IV, L.P. is an exempted limited partnership registered under the laws of Bermuda. It is part of Eight Roads, a global proprietary investment firm backed by Fidelity, which mainly focuses on private investments in the healthcare (therapeutics, healthcare IT, healthcare services, med tech) and technology (enterprise tech, fintech, consumer/consumer tech) sectors in China and globally.

Eight Roads has invested in a number of biotech and healthcare companies, including, among others, Wuxi AppTec, Shanghai Hile Bio-Technology, Innovent Biologics, Inc., Denali Therapeutics and Semma Therapeutics.

8. Cormorant Private Healthcare Fund II, LP is a limited partnership incorporated under the laws of Delaware. Cormorant Global Healthcare Master Fund, LP and CRMA SPV, L.P are each exempted limited partnerships incorporated under the laws of Cayman Islands. The limited partners of each of the aforementioned entities are institutional investors, family offices and high net worth individuals. All three entities are managed by Cormorant Asset Management, LP, an investment adviser registered with the United States Securities and Exchange Commission, focusing on investments in publicly traded, crossover round, and early stage companies in the biotech, healthcare, and life science research industries. The portfolio companies of Cormorant Asset Management, LP include privately held and publicly traded companies focusing on therapeutic drug discovery and development.

9. Avict Global Holdings Limited is a company incorporated in BVI, which is primarily engaged in equity investment. Avict Global Holdings Limited has invested in a number of biotech and healthcare companies, including, among others, Shanghai Henlius Biotech, Inc, Hua Medicine, Adagene (Suzhou) Limited and JW Therapeutics.

Public Float

Upon completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), each of 6 Dimensions Entities and Boyu will hold approximately [**REDACTED**] and [**REDACTED**] of the total issued Shares, respectively. Therefore, they will be Substantial Shareholders of the Company and their Shares will not count towards the public float. In addition, Mr. Ye LIU, our CEO and executive Director, who will directly hold approximately [**REDACTED**] of the total issued Shares upon completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and such Shares will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**]. As RSUs representing an aggregate of 1,334,374 shares (before the Share Subdivision) upon vesting were granted to connected persons of the Company, the shares held by Coral Incentivization, representing [**REDACTED**] of the total issued Shares upon completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Save as disclosed above, to the best of the Directors' knowledge, all other Shareholders of the Company are not core connected persons of our Company. As a result, an aggregate of approximately [**REDACTED**] of the Shares (upon completion of the Share Subdivision and the [**REDACTED**], assuming the [**REDACTED**] is not exercised) with a market capitalization of approximately HK$[**REDACTED**] (based on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range) held by our Shareholders will count towards the public float; hence, over [**REDACTED**] of the Company's total issued Shares with a market capitalisation of at least HK$[**REDACTED**] will be held by the public upon completion of the Share Subdivision and the [**REDACTED**] as required under Rule 8.08(1)(a) and Rule 18A.07 of the Listing Rules.

Other than the options granted under the Employee Stock Option Plan, there are no options or warrants outstanding. No additional options will be granted under the Employee Stock Option Plan after [**REDACTED**] and there are no options or warrants outstanding upon [**REDACTED**]. The principal terms of the Employee Stock Option Plan are set out in the section headed "Statutory and General Information—D. Share Incentive Schemes—1. Employee Stock Option Plan" in Appendix IV to this document.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the investments by the Pre-[**REDACTED**] Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued on January 2012 and updated in March 2017 by the Stock Exchange and Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

ADOPTION OF SHARE INCENTIVE SCHEMES

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, our Company adopted the Employee Stock Option Plan on May 23, 2018 and the RSU Scheme on April 28, 2020, details and principal terms of which were set out in "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV to this document.

The maximum number of Shares in respect of which options may be granted under the Employee Stock Option Plan shall not exceed 60,328,890 Shares (as adjusted after the Share Subdivision) in the aggregate. As of the Latest Practicable Date, options to subscribe for an aggregate of 60,328,890 Shares (as adjusted after the Share Subdivision), representing an aggregate of [**REDACTED**] of the total issued share capital of our Company immediately following the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), had been granted to 41 grantees under the Employee Stock Option Plan. No further options may be granted under the Employee Stock Option Plan after the [**REDACTED**]. None of the grantees had exercised the options under the Employee Stock Option Plan as of the Latest Practicable Date.

Pursuant to the RSU Scheme, an aggregate of 2,400,000 underlying shares (before the Share Subdivision) were issued to Coral Incentivization, representing an aggregate of [**REDACTED**] of the total issued share capital of our Company immediately following the Share Subdivision and the [**REDACTED**] (assuming no exercise of the [**REDACTED**]). As of the Latest Practicable Date, our Company had granted RSUs representing 2,286,692 shares (before the Share Subdivision) upon vesting to 74 grantees under the RSU Scheme.

SHARE SUBDIVISION AND SHARE CONVERSION

On [●], we [conducted] a share subdivision pursuant to which each share in our issued and unissued share capital was subdivided into 10 shares of the corresponding class with par value US$0.00001 each, following which our issued share capital consisted of (i) [90,405,550] Shares with par value of US$0.00001 each, (ii) 202,933,030 Series A Preferred Shares with par value of US$0.00001 each and (iii) 175,982,040 Series B Preferred Shares with par value of US$0.00001 each.

The Preferred Shares will be converted into Shares on a 1:1 basis by way of re-designation upon the [**REDACTED**] becoming unconditional.

ACQUISITIONS, DISPOSALS AND MERGERS

On October 18, 2019, Ocumension Hong Kong entered into a cooperation agreement with Suzhou Wuzhong Economic and Technological Development Zone Management Committee (蘇州吳中經濟技術開發區管理委員會), pursuant to which Ocumension Suzhou is obligated to acquire 100% interest in Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司) under certain conditions. See "Waivers from Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in respect of Accounting and Disclosure Requirements for Acquisitions of Subsidiaries and Businesses Conducted after the Track Record Period" in this document for further details. The net amount to be paid in relation to the acquisition after deduction of government grants is expected to be no more than RMB400 million. The Company proposes to use part of the [**REDACTED**] from the [**REDACTED**] to pay for part of the consideration. See "Future Plans and Use of [**REDACTED**]" in this document.

Save as disclosed above, during the Track Record Period and until the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the M&A Rules, a foreign investor is required to obtain necessary approvals from MOFCOM or the department of commerce at the provincial level when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. Our PRC Legal Advisor is of the opinion that prior CSRC approval for the [**REDACTED**] is not required because none of the incorporation or acquisition of the PRC subsidiaries of the Group involves the merger with or acquisition of the equity or asset of a PRC domestic enterprise, as described under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Advisor.

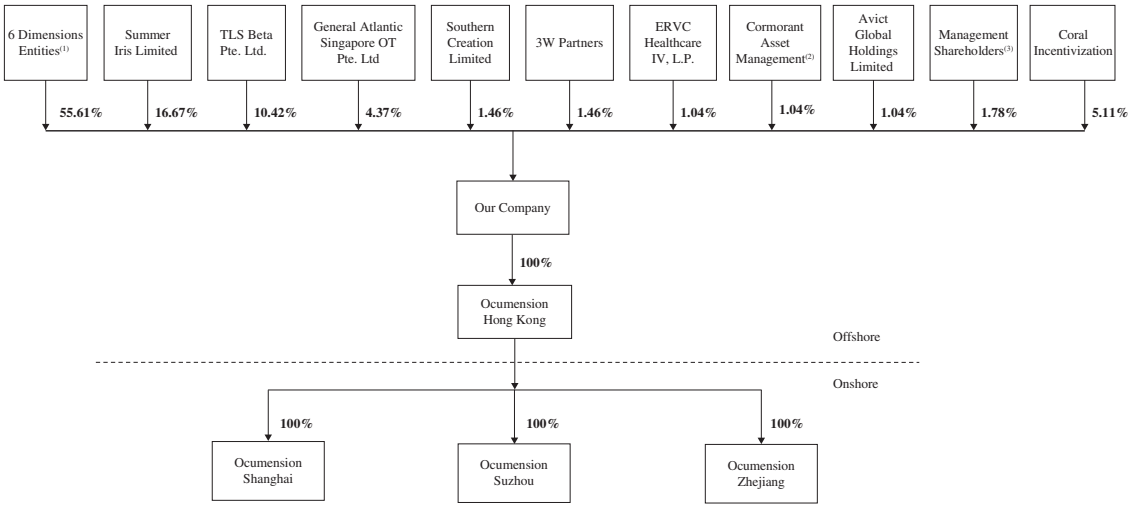
SAFE Circular 37

According to the SAFE Circular 37, PRC residents shall register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, or a special purpose vehicle, 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. The SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions.

As of the Latest Practicable Date, none of the direct shareholder of the Company was PRC citizen or was subject to the SAFE Circular 37.

OUR CORPORATE AND SHAREHOLDING STRUCTURE

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [**REDACTED**]:



Notes:

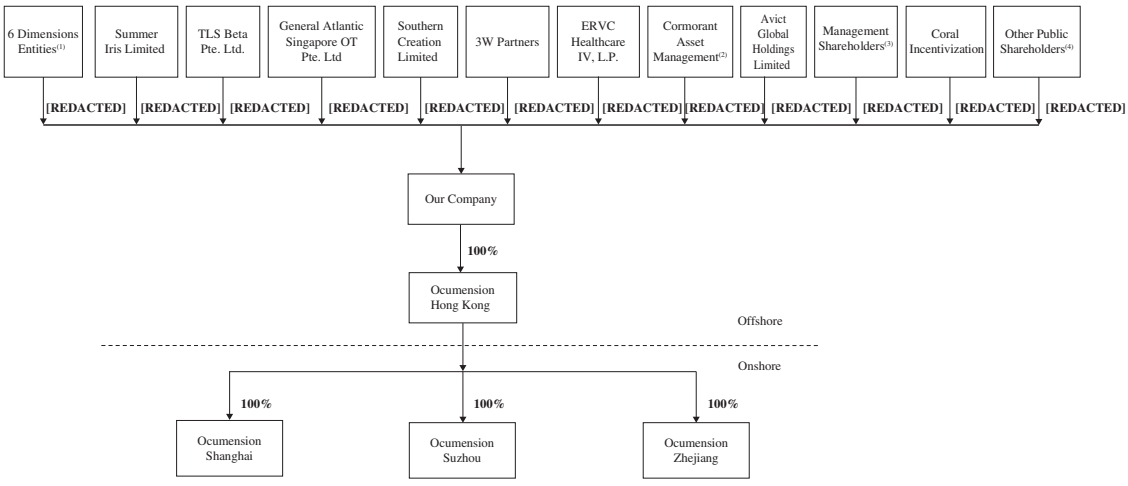
As of the Latest Practicable Date:

1. The 6 Dimensions Entities included 6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions, which held 26.42%, 1.39%, 19.46% and 8.34% equity interests in the Company, respectively.

2. Cormorant Asset Management included Cormorant Private Healthcare Fund II, LP, Cormorant Global Healthcare Master Fund, LP and CRMA SPV, L.P. which held 0.81%, 0.21% and 0.02% equity interests in the Company, respectively.

3. Management Shareholders included (i) Mr. Ye LIU (who is also CEO and an executive Director of our Company, and held 1.24% equity interests in the Company) and (ii) employee and advisors (Dr. Changdong LIU, Dr. Steven Brian LANDAU and Dr. Riccardo Nazzareno PANICUCCI) who are Independent Third Parties, and held 0.31%, 0.19% and 0.03% equity interests in the Company directly by themselves, respectively.

The following diagram illustrates the corporate and shareholding structure of our Group immediately upon completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]):



Notes:

1. The 6 Dimensions Entities include 6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions, which holds [**REDACTED**], [**REDACTED**], [**REDACTED**] and [**REDACTED**] equity interests in the Company, respectively.

2. Cormorant Asset Management include Cormorant Private Healthcare Fund II, LP, Cormorant Global Healthcare Master Fund, LP and CRMA SPV, L.P. which holds [**REDACTED**], [**REDACTED**] and [**REDACTED**] equity interests in the Company, respectively.

3. Management Shareholders include (i) Mr. Ye LIU (who is also CEO and an executive Director of our Company, and holds [**REDACTED**] equity interests in the Company) and (ii) employee and advisors (Dr. Changdong LIU, Dr. Steven Brian LANDAU and Dr. Riccardo Nazzareno PANICUCCI) who are Independent Third Parties, and hold [**REDACTED**], [**REDACTED**] and [**REDACTED**] equity interests in the Company directly by themselves, respectively.

4. Immediately after the completion of the [**REDACTED**], the Shares held by TLS Beta Pte. Ltd., General Atlantic Singapore OT Pte. Ltd, Southern Creation Limited, 3W Partners, ERVC Healthcare IV, L.P., Cormorant Asset Management, Avict Global Holdings Limited, Dr. Changdong LIU, Dr. Steven Brian LANDAU, Dr. Riccardo Nazzareno PANICUCCI and other [**REDACTED**] will be counted towards public float for the purpose of Rule 8.08 of the Listing Rules. Accordingly, over 25% of the Company's total issued Shares with a market capitalisation of at least HK$[**REDACTED**] will be held by the public upon completion of the [**REDACTED**] as required under Rule 8.08(1)(a) and Rule 18A.07 of the Listing Rules.

OVERVIEW

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a significant first-mover advantage over future competitors.

Ophthalmology is a highly specialized area. In China, eye diseases are common, yet treatment rates are low, lagging significantly behind the United States. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, at a CAGR of 16.0%. To capture significant under-tapped commercial potential in this emerging market, we have, since our inception, focused on building a platform integrating specialized capabilities in each major functionality involved in an ophthalmic drug's development cycle, from research and development, manufacturing to commercialization.

Leveraging our platform, we have, in less than three years, built a strategically designed ophthalmic drug portfolio that is comprehensive, innovative and validated. As of the Latest Practicable Date, we had 16 drug assets in our portfolio, covering all major front- and back-of-the-eye diseases, making us one of only a few pharmaceutical companies in China with such full coverage, according to Frost & Sullivan. We have four innovative drug candidates in advanced-stage development in China, which we believe will potentially be first- or best-in-class if approved and have significant near-term revenue potential from as early as 2022. Our portfolio includes three of the ten ophthalmic drugs approved by the United States Food and Drug Administration, or the FDA, since 2015 that are not yet available in China in any formulation. Additionally, our portfolio includes three drugs that are in or near the commercial stage.

The following chart summarizes our portfolio as of the Latest Practicable Date:

	Program	MOA	Classification	Front / Back of the Eye	Indication	Commercial Rights	Licensing Partner	Preclinical	IND Preparation	Phase I/II	Phase III	NDA/BLA
ADVANCED-STAGE	OT-401 (YUTIQ)	Corticosteroids intravitreal implant	New drug[3]	Back	Chronic NIU-PS*	Greater China	EyePoint Pharmaceuticals		China: to submit NDA in 1H2022			US Approved (EyePoint)
	OT-101	Atropine	New drug[3]	Front	Myopia	Global			Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE		**	
	OT-301 (NCX 470)	NO-donating bimatoprost analog	New drug[3]	Front	Glaucoma	Greater China, Korea and 12 countries in Southeast Asia[4]	nicox visible science		Global: 1st Phase III trial initiated in June 2020 in the United States, 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE		**	Phase III US (Nicox)
	OT-1001 (ZERVIATE)	Cetirizine	New drug[3]	Front	Allergic conjunctivitis	Greater China and 11 countries of the Southeast Asian region[5]	nicox visible science		China: Phase III trial expected in 2H2020		**	US Approved (Nicox)
NEAR CLINICAL-STAGE	OT-502 (DEXYCU)	Dexamethasone	New drug[3]	Front	Postoperative inflammation	Greater China	EyePoint Pharmaceuticals		China: Phase III trial expected in 2Q2021		**	US Approved (EyePoint)
	OT-202	Tyrosine kinase inhibitor	New drug[3]	Front	Dry eye	Global			China: to submit IND in 1H2021		**	
	OT-503 (NCX 4251)	Fluticasone propionate nanocrystals	New drug[3]	Front	Blepharitis	Greater China	nicox visible science		China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022		***	Phase II US completed (Nicox)
	OT-701	Anti-VEGF	Biosimilar	Back	wet AMD*	Greater China	SENJU		China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023			Phase III trial in Japan substantially completed and to submit NDA in Japan (Senju and GTS)
COMMERCIAL-STAGE AND NEAR COMMERCIAL-STAGE	Ou Qin[1]	Hyaluronic acid	Generic drug	Front	Dry eye	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2019
	Brimonidine tartrate eye drop[2]	Brimonidine tartrate	Generic drug	Front	Glaucoma and ocular hypertension	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2016
	0.5% moxifloxacin eye drop	Moxifloxacin	Generic drug	Front	Bacterial conjunctivitis	Global			China: abbreviated NDA submitted in January 2020			
PRE CLINICAL STAGE	OT-601-C	Moxifloxacin-dexamethasone sodium phosphate	New drug[3]	Front	Postoperative inflammation	Global			China		**	
	OT-302	Acetazolamide	Generic drug	Front	Acute glaucoma	Global			China		**	
	OT-1301	Cyclosporine implant	New drug[3]	Front	Cornea graft rejection	Global			China		**	
	OT-1601	Stem cells	New drug[3]	Back	Retinitis pigmentosa and dry AMD*	Greater China	SanBio		China		**	
	OT-1602	Stem cells	New drug[3]	Back	Optic neuritis	Greater China	SanBio		China		**	

In-licensed/acquired Internally developed

Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL1900130.

* Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration.

** May not require Phases I and II clinical trials prior to beginning Phase III clinical trials.

*** May not require Phase I clinical trials prior to beginning Phase II clinical trials.

1 We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin.

2 We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop.

3 Referring to drugs classified as class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (original research drugs registered abroad and applying for registration in China) under relevant PRC drug registration laws and regulations.

4 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand, Timor Leste and Vietnam.

5 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea and Timor Leste.

We have demonstrated strong execution capabilities in every aspect of our operations with a singular focus on delivering innovative world-class products to ophthalmic patients in China. We set out to build a portfolio of innovative drugs comprehensively addressing key ophthalmic diseases and pursued a dual-source innovation strategy through in-licensing/acquisition or internal research and development. At this stage of our rapid development, our portfolio comprises predominantly in-licensed or acquired drug assets. We have established a successful track record of in-licensing innovative ophthalmic drugs from global partners, and believe that we are well positioned to be the "go to" China partner for global ophthalmic pharmaceutical companies. Going forward, we intend to gradually shift our priority to conducting most of our new drug candidate discovery, research and development internally. In clinical drug development, we advance our drug candidates through optimal regulatory pathways toward commercialization in China with maximum efficiency, leveraging our broad regulatory and commercial expertise. In addition, we have made significant progress establishing our own manufacturing and commercialization capabilities. Development has begun on a new facility in Suzhou, which is expected to be larger than any other specialized ophthalmic manufacturing facility in China by capacity when completed (up to 455 million doses annually), according to Frost & Sullivan. We have also established a concrete commercialization plan with high execution visibility, and have been expanding our sales force and drawing up marketing strategies.

Our Company is led by some of the best talent in China ophthalmology with relevant industry experience. Our visionary management team has extensive experience and deep domain expertise in ophthalmic drug research and development, manufacturing and commercialization in China. We believe that their track record will prove a valuable asset for us as we pursue our future success.

We boast top-tier global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management.

OUR STRENGTHS

A China-based ophthalmic pharmaceutical total solution platform

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Ophthalmology is a highly specialized area. Since our inception, we have focused on building a platform integrating innovative drugs, specialized capabilities throughout the drug development cycle and people with specialized knowledge and experience.

- *Portfolio*. Leveraging our platform, we have already built one of the most robust portfolios of innovative ophthalmic drugs in China, according to Frost & Sullivan. See "—Comprehensive, innovative and validated ophthalmic drug portfolio including commercial-ready drugs." Among China-based companies, we have the most patented ophthalmic drugs, according to Frost & Sullivan.

- *Capabilities*. We have set up a full suite of capabilities that we believe position us at the forefront of introducing innovation to this market.

    - *Research and development*. Our research and development team has a full range of capabilities spanning drug discovery, preclinical research and clinical trials. Our team members conducted clinical trials for over seven ophthalmic drugs in China, six of which have been approved in China. As of the Latest Practicable Date, we had one registration clinical trial ongoing and five clinical trials for our pipeline drug candidates that we expected to initiate in the next 12 months. We are developing a state-of-the-art research laboratory, expected to be one of the largest ophthalmic research laboratories in China, which will become the center of our research activities and further strengthen our research and development ability.

    - *Manufacturing*. Our team members constructed and operated what at the time was the largest ophthalmic pharmaceutical plant in China. Development has begun on a new facility in Suzhou, which is expected to be larger than any other specialized ophthalmic manufacturing facility in China by capacity when completed, according to Frost & Sullivan. The facility is designed to be China, EU and U.S. GMP–compliant and capable of manufacturing a full range of ophthalmic formulations with a high degree of automation.

  - *Commercialization*. Our team members have in aggregate successfully commercialized eight ophthalmic drugs in China and globally. As of the Latest Practicable Date, we were already marketing two approved drugs in China and in the process of expanding our sales network significantly.

- *Talent*. Our Company is led by some of the best talent in China ophthalmology with relevant industry experience. Mr. Liu Ye, our executive director and CEO, was the China general manager of two well-known multinational corporations, or MNCs, including Santen, the current ophthalmic pharmaceutical market leader by revenue, according to Frost & Sullivan. At both companies, Mr. Liu demonstrated his ability to lead all departments of a sophisticated pharmaceutical MNC and achieve remarkable growth and market leadership in China. See "—Visionary CEO and management, renowned advisors and industry-leading investors."

Our integrated platform maximizes our chances of successfully executing our business plans. It enables us to identify and address potential scientific, clinical, regulatory, manufacturing and commercialization issues early so that we can constantly assess the status of our portfolio assets and adjust our priorities in allocating resources. As a result, we can stay firmly focused on progressing our most promising drug candidates from stage to stage, and replenish our portfolio continuously with new drugs and drug candidates in which we see potential. We believe that the benefits of our integrated platform will become increasingly evident as we commence sales of our approved drugs and ramp up manufacturing and commercialization capabilities in anticipation of market approval for our advanced-stage drug candidates.

With strategic vision and powerful execution, we have, as a first mover, succeeded in creating a platform in a market surrounded by high entry barriers. We believe our platform can enable us to continue to expand rapidly, capturing market opportunities ahead of competition and bringing much needed relief to Chinese ophthalmic patients.

Comprehensive, innovative and validated ophthalmic drug portfolio including commercial-ready drugs

In less than three years, we have built a strategically designed ophthalmic drug portfolio which is comprehensive, innovative and validated, and which is also balanced with commercial-ready drugs.

- *Comprehensive*. As of the Latest Practicable Date, we had 16 drug assets, covering all major front- and back-of-the-eye diseases. According to Frost & Sullivan, we are one of only a few pharmaceutical companies in China with a portfolio that covers all major ophthalmic indications in both the front and the back of the eye, including most of the top ten indications by disease prevalence in China.

- *Innovative and validated*. Our portfolio is truly innovative for the Chinese ophthalmic pharmaceutical market. Among our in-licensed assets, for example, we have three of the ten ophthalmic drugs approved by the FDA in the United States since 2015 that are not yet available in China in any formulation, namely:

  - OT-401 (YUTIQ), an innovative sustained-release intravitreal implant to treat chronic NIU-PS—an indication for which there is no standard of care in China—and the only FDA-approved drug with up to three years of efficacy for the indication;

  - OT-1001 (ZERVIATE), a novel formulation of the antihistamine cetirizine approved by the FDA for the first time for topical application to the eye and the only antihistamine drug approved for treating children aged two years and older; and

  - OT-502 (DEXYCU), a single-dose, sustained-release intraocular injection to treat postoperative (mostly cataract surgery) inflammation, the first and only FDA-approved long-acting intraocular product for the indication.

  We expect all of these drugs to be first- or best-in-class in China if approved. The fact that these therapeutics have been approved by the FDA means that their efficacy and safety have already been validated and development risks for us progressing them through the regulatory pathways in China are substantially reduced.

  In addition, OT-301 (NCX 470), our drug candidate to treat open-angle glaucoma and ocular hypertension, is a new chemical entity designed to release both bimatoprost, an FDA-approved prostaglandin analog, or PGA, and nitric oxide, or NO. We expect the dual mechanism of action to activate two independent aqueous humor outflows, which is expected to be a more effective method to lower intraocular pressure, or IOP.

  Our in-house developed drug candidates are also highly innovative. For example:

  - OT-101 is a low-concentration (0.01%) atropine eye drop to retard, or slow down, the progression of myopia. We are developing a proprietary formulation to address stability issues for low-concentration atropine solutions so that patients can benefit from the myopia-retarding properties of atropine with fewer side effects than high-concentration atropine; and

  - OT-202 is an innovative topical targeted treatment for dry eye. We are investigating a novel mechanism of action to reduce inflammation in dry eye by targeting tyrosine kinases.

- *Commercial-ready*. To balance our development pipeline of clinical- and preclinical-stage drug candidates, we have strategically included in our portfolio rights to three drugs that are commercial-ready or near commercial-ready in China, including:

  - Ou Qin (0.3% Hyaluronic Acid), an NMPA-approved hyaluronic acid eye drop to treat dry eye. It has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging) and potentially an improved safety profile compared to similar drugs as it is free of preservatives. We launched Ou Qin in April 2020;

  - Brimonidine tartrate eye drop, an NMPA-approved generic eye drop to treat open-angle glaucoma and ocular hypertension. We launched brimonidine tartrate eye drop in March 2020; and

  - 0.5% moxifloxacin eye drop, an moxifloxacin antibiotic eye drop to treat bacterial conjunctivitis. We submitted an abbreviated NDA for 0.5% moxifloxacin eye drop to the NMPA in January 2020 and are expecting approval in the first half of 2021. We plan to launch 0.5% moxifloxacin eye drop rapidly upon approval.

    We expect commercial sales of these products to generate near-term cash flows to help fund our working capital and finance our development pipeline.

Four advanced-stage, first/best-in-class ophthalmic drug candidates with significant near-term revenue potential

We have four innovative ophthalmic drug candidates in advanced-stage development in China, namely, OT-401, OT-101, OT-301 and OT-1001. Two in-licensed assets, OT-401 and OT-1001, are the same therapeutics that are already approved by the FDA in the United States. We believe these four drug candidates have potential to be first- or best-in-class addressing unmet medical needs in China and have significant near-term revenue potential for us.

OT-401 (YUTIQ), our Core Product, is an innovative intravitreal implant designed to provide sustained release of a corticosteroid active ingredient for 36 months from a single administration to treat chronic NIU-PS, an indication for which there is no standard of care in China. In the United States, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone up to 36 months. Uveitis is one of the leading causes of blindness in China and worldwide, as blindness will be the natural course of the disease if it is left untreated, in particular in young adults. According to Frost & Sullivan, NIPU affected 1.4 million people in China in 2019, and is expected to affect 1.8 million people in 2030. We initiated a bridging Phase III trial in China and enrolled the first patient in November 2019. We plan to submit an NDA in the first half of 2022 and commence commercialization in the second half of 2022 upon approval. Considering that (i) there are only three marketed steroid implants indicated for chronic NIU-PS globally and none of these implants are currently available for uveitis patients in China, and (ii) OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China, OT-401 is expected to be the first and only ocular implant

indicated for chronic NIU-PS in China upon approval, accordingly to Frost & Sullivan. Separately, OT-401 has been approved for treating patients under the Boao Pilot Program and started to generate limited revenue for us since August 2019.

OT-101 is a low-concentration (0.01%) atropine eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. According to Frost & Sullivan, atropine is the only medication to date that has been demonstrated to be consistently effective and safe in controlling myopic progression. OT-101, as a low-concentration (0.01%) atropine eye drop, is believed to have lower rates of adverse effects compared to high-concentration (0.5-1%) atropine. The instability of low-concentration atropine solutions has long been a technical barrier. We are developing a unique approach to address the stability of low-concentration atropine solutions, so that OT-101 could be a viable product for the treatment of myopia. According to Frost & Sullivan, myopia affected nearly 168.8 million children and adolescents in China in 2019 and is expected to affect 191.4 million in 2030. Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively.

OT-301 (NCX 470) is a new chemical entity designed to release both bimatoprost, an FDA-approved prostaglandin analog, or PGA, and nitrix oxide, or NO, for the treatment of open-angle glaucoma and ocular hypertension. We expect the dual mechanism of action to activate two independent aqueous humor outflows from the eye, which is expected to be a more effective method to lower IOP. As a novel second-generation NO-donating bimatoprost analog, OT-301 has demonstrated superior efficacy to a PGA monotherapy. According to Frost & Sullivan, glaucoma is currently considered the second-leading cause of irreversible blindness worldwide; the prevalence of glaucoma in China reached 19.6 million in 2019, and the rate of blindness is 38.3%. Subject to IND approval, we and Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020 and we plan to use data from the global trials to support a NDA submission in China. We plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA.

OT-1001 (ZERVIATE) is the first and only FDA-approved topical ocular formulation of the antihistamine cetirizine for the treatment of ocular itching associated with allergic conjunctivitis. OT-1001 is a novel formulation of cetirizine, which is the best-selling antihistamine with a well-characterized systemic efficacy and favorable safety profile. If approved, it will be the only ophthalmic drug in China that is safe for adults as well as children aged two years and older. According to Frost & Sullivan, approximately 250.9 million people suffered from allergic conjunctivitis in China in 2019, with a CAGR of 5.1% from 2015. Frost & Sullivan further estimates that the allergic conjunctivitis patients will reach 308.6 million and 375.9 million in China in 2024 and 2030, respectively. We plan to conduct a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval.

Strong execution capabilities underlying successful track record of delivering world-class products to ophthalmic patients in China

We have demonstrated strong execution capabilities in every aspect of our operations with a singular focus on delivering innovative world-class products to ophthalmic patients in China.

In drug portfolio design, we strategical focused on comprehensively covering all major front- and back-of-the-eye diseases, and innovative, in order to maximize the therapeutic impact in China of our portfolio as well as its commercial value. We pursue a dual-source innovation strategy with strict discipline and high speed, following criteria which help ensure that our drug candidates have higher chances of success reaching Chinese patients.

- *In-licensing/Acquisition.* As of the Latest Practicable Date, we had in-licensed or acquired rights to ten drugs and drug candidates, including three that had been approved by the FDA in the United States. Focusing on validated (by which we mean already approved by the FDA or another recognized overseas regulator) first- or best-in-class ophthalmic drugs, we have established a successful in-licensing track record with international partners, including EyePoint, Nicox, Senju, GTS and SanBio.

- *In-house research and development.* As of the Latest Practicable Date, we had developed six drug candidates in house. We focus on improving drug delivery or formulation in addition to investigating novel mechanisms of action. For example, we are developing a unique approach to address stability issues in low-concentration atropine solutions, so that our OT-101 could be a viable product for the treatment of myopia with fewer side effects than higher-concentration atropine.

In clinical drug development, we aim to advance our drug candidates, regardless of whether they are in-licensed/acquired or developed in-house, through optimal regulatory pathways toward commercialization in China with maximum efficiency. As of the Latest Practicable Date, we had advanced four drug candidates to or near the late stage, with visibility of near-term NDA filings and commercial launches. We adopt streamlined registration strategies, including applying for clinical trial waivers, seeking approval for bridging studies in lieu of new trials and enrolling patients under applicable early access programs. For example, with respect to OT-401, our Core Product, we successfully obtained an IND approval from the NMPA to initiate a bridging Phase III trial in China, a mere nine months after we signed the license agreement. By comparison, it typically takes 12 to 18 months to progress from a license agreement to IND approval in China, according to Frost & Sullivan. The Phase III trial began in November 2019, when the first patient was enrolled and dosed, and is currently ongoing.

In addition, we decided at an early stage that we would establish our own manufacturing and commercialization capabilities instead of relying on third-party service providers. We started early and have made significant progress. After only one year since our founding, we signed an investment agreement with the local Suzhou government for a new manufacturing facility, and ground was broken in January 2020. We expect construction to begin in the first half of 2020. We have already started marketing Ou Qin and brimonidine tartrate eye drop, our NMPA-approved drugs. In preparation for our potential additional product launches in the near term, we have established a concrete commercialization plan with high execution visibility, expanded our sales force and drawn up marketing strategies. Where feasible, we have taken advantage of special government policies to not only market our products early, on a pilot basis, but also potentially benefit our clinical development. We promptly took advantage of new policies relating to the Boao Pilot Program issued in 2018 and had YUTIQ® admitted to the program in July 2019 on a fast-track application. We plan to similarly pursue DEXYCU®'s admission to the Boao Pilot Program.

Visionary CEO and management, renowned advisors and industry-leading investors

We have a visionary management team with extensive experience and deep domain expertise in ophthalmic drug research and development, manufacturing and commercialization in China.

Mr. Liu Ye, our executive Director and CEO, has over 20 years of experience in leading pharmaceutical companies in China. Prior to joining us, Mr. Liu served as China general manager for Santen, a leading Japanese pharmaceutical company focused only on ophthalmology, from 2014 to 2018. During Mr. Liu's tenure, Santen China established a groundbreaking joint venture with a local partner and made China the largest overseas market for Santen globally. Mr. Liu led the registration of TAPROS and DIQUAS, the only two eye drop products and two of the only seven new ophthalmic drugs approved in China since 2015. He also led the construction of the joint venture's manufacturing plant in Chongqing and the EU GMP certification of Santen China's Suzhou plant, which remains the only plant with such certification in the Chinese ophthalmic pharmaceutical industry to date. Santen is the current market leader in the Chinese ophthalmic pharmaceutical market by revenue, according to Frost & Sullivan. Prior to Santen, Mr. Liu was the China general manager of Eisai, another leading Japanese pharmaceutical company. At Eisai China, Mr. Liu not only achieved remarkable growth in terms of key financial measures, he successfully installed a corporate infrastructure with rules-based, technology-enabled systems and built a robust drug pipeline, both promising long-lasting benefits to the organization.

Other members of our management team also have extensive drug research and development, manufacturing and commercialization experience, including outstanding professional records from leading MNCs. For example:

- Dr. Liu Changdong, our chief scientific officer, has over 13 years of experience as a practicing ophthalmologist and over 35 years of experience in drug research and development and clinical trials in China and the United States. Prior to joining us, Dr. Liu was clinical lead of the global clinical and regulatory affairs department at Alcon Laboratories Inc. in the United States.

- Dr. Chen DongHong, our chief medical officer, has over ten years of experience as a practicing ophthalmologist and 20 years of experience as a clinical research physician in several established ophthalmic pharmaceutical MNCs. Prior to joining us, Dr. Chen was head of clinical development and medical affairs at Alcon Hong Kong, Limited and had overseen over ten clinical trials and obtained two new ophthalmic product approvals in China.

- Dr. Hu Zhaopeng, our chief development officer, has over 15 years of experience in ophthalmic drug research and development, CMC and plant management. Dr. Hu held directorships in clinical development, registration and pharmaceutical development and internal audit at Santen China.

- Mr. Zuo Qinglei, our vice president (commercialization), has over ten years of experience in drug research and development, sales and marketing. Mr. Zuo headed sales and business development at Santen China.

We have assembled a scientific advisory board, or SAB, composed of distinguished members with strong influence in ophthalmology in the United States and China. Professor Richard L. Abbott, president of the SAB, is past president of the American Academy of Ophthalmology, or AAO. He currently serves as secretary for global alliances, chair of international global advisors board and member of senior ophthalmology committee for the AAO. The other three members of the SAB, Profs. Xiaoxin Li, Ke Yao and Xinghuai Sun, are past president, president and president-elect of the Chinese Ophthalmology Society, respectively, each having illustrious achievements in ophthalmology research and clinical practice in China.

We also receive strong endorsement from industry-leading investors who have in-depth understanding of the Chinese pharmaceutical market and vast experience in investing in the biotech sector. We boast top-tier global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management.

OUR STRATEGIES

Advance clinical development and commercialization of advanced-stage drug candidates

Leveraging our extensive experience and deep domain expertise in clinical development and drug registration, we plan to rapidly advance the development of the following advanced-stage drug candidates toward commercialization:

- **OT-401 (YUTIQ)**: We obtained an IND approval from the NMPA in August 2019 to initiate a bridging Phase III clinical trial for OT-401 in China for chronic NIU-PS and enrolled the first patient in November 2019. As of the Latest Practicable Date, we had enrolled 29 patients. We plan to continue the Phase III trial, complete the clinical study report of the 12-month follow-up in the first quarter of 2022 and submit an NDA in the first half of 2022. We expect to commence commercialization of OT-401 in China in the second half of 2022 upon approval. We also plan to continue to make commercial sales of OT-401 under the Boao Pilot Program.

- **OT-101 (atropine 0.01%)**: Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We plan to enroll the first patient in the United States in the second half of 2020 and the first patients in EU in the first half of 2021. We target to apply for marketing approval for OT-101 initially in the EU and China based on the data from the MRCT.

- **OT-301 (NCX 470)**: We and Nicox plan to initiate two Phase III MRCTs for OT-301 (NCX 470) for open-angle glaucoma and ocular hypertension and we plan to use data from the MRCT to support NDA submission in China. We plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA.

- **OT-1001 (ZERVIATE)**: We plan to initiate a confirmatory Phase III clinical trial for OT-1001 in China for ocular itching associated with allergic conjunctivitis in patients two years of age and older in the second half of 2020 subject to IND approval to support our NDA submission in China. We believe that OT-1001 may qualify for expedited review in China by leveraging ZERVIATE's FDA data since it has already been approved by the FDA.

- **OT-502 (DEXYCU)**: Similarly, we plan to discuss with the NMPA to conduct a bridging trial for OT-502 in China for postoperative inflammation associated with cataract surgery, to support an NDA submission in China, leveraging FDA data for DEXYCU. Similar to OT-401, we plan to seek approval to use OT-502 in Hainan under the Boao Pilot Program.

Commercialize Ou Qin, brimonidine tartrate eye drop and 0.5% moxifloxacin eye drop

We have strategically included in our portfolio three commercial-/near commercial-stage assets and expect commercial sales from these assets to generate near-term cash flows for us. We will adopt a number of marketing efforts with a view to ramping up sales quickly.

- **Ou Qin (0.3% Hyaluronic Acid)**: Ou Qin was approved by the NMPA in July 2019. We acquired Ou Qin from Huonland and Huonland agreed to transfer all its rights to Ou Qin to us. We launched Ou Qin in April 2020.

- **Brimonidine tartrate eye drop**: Brimonidine tartrate eye drop was approved by the NMPA in July 2016. We launched brimonidine tartrate eye drop in March 2020.

- **0.5% moxifloxacin eye drop**: We submitted an abbreviated NDA to the NMPA for 0.5% moxifloxacin eye drop in January 2020 and expect to receive approval in the first half of 2021. We plan to outsource the manufacturing of 0.5% moxifloxacin eye drop to Huonland.

Initiate clinical trials for drug candidates with proof of concept

We plan to continue to develop drug candidates which have proof of concept and advance them to clinical trial stage in the midterm future.

- **OT-202**: We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial for OT-202 in the second half of 2021.

- **OT-503 (NCX 4251)**: Our licensing partner Nicox completed a Phase II trial for OT-503 in the United States in December 2019. We plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China. We may consider pursuing a supplemental indication of dry eye for OT-503 in the future.

- **OT-701 (SJP-0133)**: Senju and GTS did not conduct Phase I and Phase II clinical trials for SJP-0133 as permitted under relevant Japanese laws and regulations. We plan to initiate a Phase I trial in the second quarter of 2022 and a Phase III clinical trial in China in the second quarter of 2023. We believe a Phase II clinical trial is not required for OT-701 as a biosimilar drug.

In addition, we plan to advance our other preclinical candidates, OT-601-C, OT-302, OT-1301, OT-1601 and OT-1602, steadily toward clinical stage.

Further expand drug portfolio through in-licensing, internal discovery and acquisition

We plan to continue to replenish our ophthalmic drug portfolio with new drugs in which we see potential. We plan to focus on innovative first- or best-in-class ophthalmic drugs that address unmet medical needs in China and complement our existing portfolio.

We plan to continue to evaluate and pursue in-licensing opportunities that could give us the global or regional rights for such drug candidates. As we continue to advance our existing in-licensed drug candidates toward market approval in China with solid progress, our credibility will further strengthen. We believe we are well positioned to be the "go to" China partner for global ophthalmic pharmaceutical companies.

We also plan to continue to invest in our in-house drug discovery and development efforts. Specifically, we plan to further expand our research and development team and continue to focus on drug delivery and formulation innovation. We plan to establish our research laboratory in Suzhou, which will become the center of our research activities and further strengthen our research and development capabilities.

In addition, we plan to evaluate and acquire commercial-ready drug candidates that may complement our portfolio, and leverage our commercialization infrastructure to expand the breadth of our drug offerings.

Continue to build commercialization capabilities in anticipation of product launches

To drive product launches and bring innovative ophthalmic drugs to the Greater China market, we plan to build our own highly focused and specialized commercial team, including dedicated sales teams for each product. We will provide comprehensive and in-depth training to our dedicated sales force, enabling them to educate the ophthalmic community on the benefits of our various therapies. As the number of our commercial-ready drugs continues to increase, we will expand our commercial team to cover a growing number of ophthalmologists and select hospitals in China. For example, we expect to have (i) 50 team members by the end of 2020 to cover over 7,000 ophthalmologists and 300 Grade II and Grade III public hospitals in China; and (ii) 150 team members by the end of 2022 to cover approximately 12,000 ophthalmologists and 1,500 Grade II and Grade III public hospitals in China. We will continue to expand our presence in the market and aim to gain market access to 21 provinces in China by 2020 and 31 provinces by 2021.

Leveraging our deep understanding of and insight in the ophthalmology market in China, we plan to adopt differentiated commercialization approaches for our drug candidates. For example, we plan to launch early access programs in select hospitals for innovative drug candidates such as OT-401 and OT-502, establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists through diversified marketing activities for our commercial-ready product Ou Qin, and utilize our *WeChat* platform "Joyful View (輕鬆視界)" to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. See "—Commercialization."

We are also evaluating options for strategic commercial partnerships with industry leading distributors to accelerate commercial ramp-up and maximize market potential of our assets both in China and globally.

Establish an industry-leading, dedicated ophthalmic pharmaceutical manufacturing facility

Ground was broken on our dedicated ophthalmic pharmaceutical manufacturing facility in Suzhou, Jiangsu Province in January 2020. We expect construction to begin in the first half of 2020 and trial production to commence in the second half of 2021. The facility is designed to have four production workshops with a total planned capacity of up to 455.0 million doses per year. We plan to use the Suzhou manufacturing facility for the production of all types of ophthalmic drugs, including sterile solutions, gels and suspensions. In addition, we will also be able to manufacture sterile injection packaging. We plan to build highly automated facilities in compliance with GMP requirements of China, the United States and the EU. In addition to manufacturing our ophthalmic drugs in house, we also plan to potentially support licensing partners for their global sales, and aim to become a trusted outsourcing partner for other pharmaceutical partners in China and globally.

Maximize global value of our drug candidates

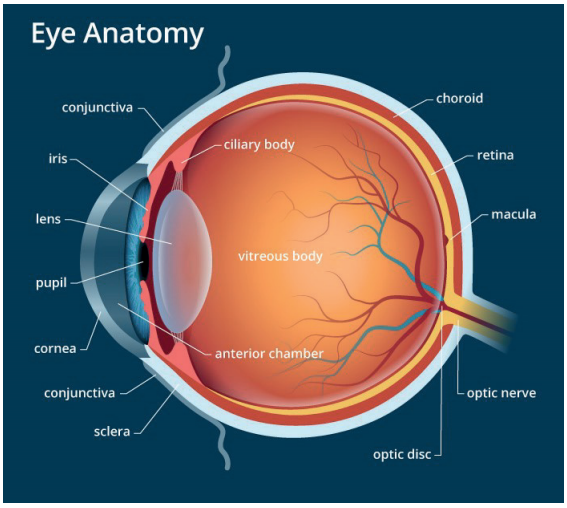
We intend to maximize the global value of our drug candidates, including in-house developed and in-licensed drug candidates. We plan to selectively advance clinical trials and apply for NDAs outside China, and strategically seek global out-licensing opportunities. At the appropriate time, we may seek partnerships in commercialization. For example, we target to initiate an MRCT Phase III clinical trial for our in-house developed drug candidate OT-101 in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We believe OT-101 addresses an area with large unmet medical needs globally, which presents a good opportunity for us to establish our global presence. Further, we plan to commercialize our OT-301 in Korea and Southeast Asia and our OT-1001 in Southeast Asia in addition to China. We have amended our license agreements with Nicox to reflect such expansions.

THE EYE, EYE DISEASES AND THE CHINESE OPHTHALMIC PHARMACEUTICAL MARKET

The human eye is the organ responsible for vision. Vision is one of the five basic senses of mankind, central to the human experience and fundamental to the many pleasures of life.

Anatomically, the eye is comprised of two principal segments: the anterior, or the front, and the posterior, or the back, divided by the lens. From the front, light enters the eye first through the cornea, a dome-shaped transparent membrane. The cornea is not only a protective cover, it helps with focusing by bending the light to the direction of the pupil, which is the dark opening in the center of the iris. Between the cornea and the iris is a narrow space known as the anterior chamber, which is filled with a fluid called aqueous humor. The iris, a pigmented

muscular curtain, works like the shutter in a camera, dilating (widening) or constricting (narrowing) the aperture, which controls the amount of light allowed to pass through to reach the lens just behind it. The naturally crystalline lens, by changing shape, further focuses light toward the back of the eye. Light travels on from the anterior region through the globe of the eyeball, which is filled with a glass-looking gel called vitreous humor, until it arrives at the retina in the posterior region. The retina is a light-sensitive tissue that lines the back wall of the eye, like a sheet of film. In the center, there is a tiny but specialized area called the macula, which is responsible for detailed, central vision; the rest accounts for peripheral vision. Tightly packed on the retina are various types of photoreceptors, special cells which react to light and send electrical impulses through the optic nerve, located in the very back of the eye, to the visual cortex of the brain. The brain parses the signals and forms an image. This is how we see.



The proper functioning of the eye requires precise coordination of the components involved, in both the anterior and the posterior segments. Disease affecting any component can impair vision and, in the extreme, render a person blind. Examples of major eye diseases include, in the anterior segment, myopia, cataract, glaucoma, dry eye and blepharitis and, in the posterior segment, age-related macular degeneration, or AMD, diabetic macular edema, or DME, and retinal vein occlusion, or RVO. Uveitis, a large group of intra-ocular inflammatory diseases involving the uvea, the middle layer of the three coatings of the eyeball, can affect both the anterior and the posterior segments.

Traditionally, effective drug delivery to treat ophthalmic diseases has challenges in both the front and the back of the eye, due to the unique physiological properties of the organ. Thanks to what are known as blood-ocular barriers, very few substances could enter the eye through blood circulation. As a result, it is difficult for drugs administered systemically—orally or intravenously—to reach intended locations inside the eye with meaningful strength without causing adverse effects to the rest of the body. For front-of-the-eye diseases, eye drops are typically used on the ocular surface directly. Yet such topically applied solutions are often washed away quickly by tears, secreted by the eye either in reaction to irritation or through regular blinking, before active ingredients in desirable quantities could penetrate into the ocular tissues. For back-of-the-eye diseases, physicians often resort to

intravitreal injections, administering drugs directly in the vitreous cavity to the site of the disease. This can be effective but only temporarily so. To maintain effective dosage levels, a single injection is not sufficient and repeated injections are required, which is inconvenient, painful and costly. Repeated intravitreal injections also carry medical risks such as eyeball perforation, endophthalmitis and vitreous or retina hemorrhage. In global ophthalmic therapeutic research and development, drug delivery systems have been an area of focus alongside novel disease pathways.

As a therapeutic area, ophthalmology is highly specialized with unique characteristics. Eye diseases have complex and diverse pathologies, treatment mechanisms and dosing and administration requirements. In China, eye diseases are generally treated by ophthalmologists of finely divided specialties and sub-specialties, such as retinal specialists and corneal specialists. There is a shortage of qualified practitioners, particularly those with sub-specialty skills. In 2018, there were only 30.2 ophthalmologists per million population in China, compared to 51.5 in the United States, according to Frost & Sullivan. From an industry perspective, ophthalmology is a specialty area with high entry barriers, because it requires specialized capabilities in each major functionality involved in a drug's development cycle, from scientific research to drug development, manufacturing and commercialization. In China, as a result, only a limited number of pharmaceutical companies, including MNCs and local ones, develop ophthalmic drugs, and they typically do not focus on ophthalmology only, have small ophthalmic drug pipelines and are not motivated to pursue innovation, according to Frost & Sullivan. Since 2015, only seven new ophthalmic drugs have been approved in China, all of which had been developed and marketed by MNCs outside China (five from the United States and two from Japan) years before, according to Frost & Sullivan.

In China, ophthalmology is an emerging market. Eye diseases are common, yet treatment rates are low, much lower than those in the United States. Treatment options are also limited and outdated, lacking sophistication. For some indications, such as uveitis, there is no standard of care. As living standards in China continue to rise, there is a strong, growing demand for better healthcare not only in treating terminal diseases, like cancer, but also in therapeutic areas that matter greatly to the quality of life, such as ophthalmology. Demand is particularly acute in severe conditions with high rates of blindness, such as uveitis and glaucoma, and widespread disorders affecting large age groups, such as wet AMD for the elderly and myopia for the young. For many indications, due to their chronic nature, treatments are required for long periods of time, resulting in high patient lifetime value. These factors together, viewed in the context of China's population, suggest a tremendous market opportunity. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, at a CAGR of 16.0%, and further to RMB116.6 billion in 2030, at a CAGR of 19.1%.

OUR PORTFOLIO

As of the Latest Practicable Date, we had a portfolio of 16 ophthalmic drug assets, including 4 advanced-stage drug candidates, 4 near clinical-stage drug candidates, 3 commercial-stage and near commercial-stage assets, and 5 other preclinical-stage drug candidates. The following table summarizes our portfolio and the status of each asset as of the Latest Practicable Date:

	Program	MOA	Classification	Front / Back of the Eye	Indication	Commercial Rights	Licensing Partner	Preclinical	IND Preparation	Phase I/II	Phase III	NDA/BLA
ADVANCED-STAGE	OT-401 (YUTIQ)	Corticosteroids intravitreal implant	New drug[3]	Back	Chronic NIU-PS*	Greater China	EyePoint Pharmaceuticals	China: to submit NDA in 1H2022				US Approved (EyePoint)
	OT-101	Atropine	New drug[3]	Front	Myopia	Global		Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE		**		
	OT-301 (NCX 470)	NO-donating bimatoprost analog	New drug[3]	Front	Glaucoma	Greater China, Korea and 12 countries in Southeast Asia[4]	nicox visible science	Global: 1st Phase III trial initiated in June 2020 in the United States, 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE		**		Phase III US (Nicox)
	OT-1001 (ZERVIATE)	Cetirizine	New drug[3]	Front	Allergic conjunctivitis	Greater China and 11 countries of the Southeast Asian region[5]	nicox visible science	China: Phase III trial expected in 2H2020		**		US Approved (Nicox)
NEAR CLINICAL-STAGE	OT-502 (DEXYCU)	Dexamethasone	New drug[3]	Front	Postoperative inflammation	Greater China	EyePoint Pharmaceuticals	China: Phase III trial expected in 2Q2021		**		US Approved (EyePoint)
	OT-202	Tyrosine kinase inhibitor	New drug[3]	Front	Dry eye	Global		China: to submit IND in 1H2021		**		
	OT-503 (NCX 4251)	Fluticasone propionate nanocrystals	New drug[3]	Front	Blepharitis	Greater China	nicox visible science	China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022		***		Phase II US completed (Nicox)
	OT-701	Anti-VEGF	Biosimilar	Back	wet AMD*	Greater China	SENJU GENE TECHNO GOING	China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023				Phase III trial in Japan substantially completed and to submit NDA in Japan (Senju and GTS)
COMMERCIAL-STAGE AND NEAR COMMERCIAL-STAGE	Ou Qin[1]	Hyaluronic acid	Generic drug	Front	Dry eye	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2019
	Brimonidine tartrate eye drop[2]	Brimonidine tartrate	Generic drug	Front	Glaucoma and ocular hypertension	Mainland China	汇恩兰德 HUONLAND					China Approved in July 2016
	0.5% moxifloxacin eye drop	Moxifloxacin	Generic drug	Front	Bacterial conjunctivitis	Global		China: abbreviated NDA submitted in January 2020				
PRE CLINICAL STAGE	OT-601-C	Moxifloxacin-dexamethasone sodium phosphate	New drug[3]	Front	Postoperative inflammation	Global		China		**		
	OT-302	Acetazolamide	Generic drug	Front	Acute glaucoma	Global		China		**		
	OT-1301	Cyclosporine implant	New drug[3]	Front	Cornea graft rejection	Global		China		**		
	OT-1601	Stem cells	New drug[3]	Back	Retinitis pigmentosa and dry AMD*	Greater China	SanBio	China		**		
	OT-1602	Stem cells	New drug[3]	Back	Optic neuritis	Greater China	SanBio	China		**		

In-licensed/acquired Internally developed

Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL1900130.

* Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration.

** May not require Phases I and II clinical trials prior to beginning Phase III clinical trials.

*** May not require Phase I clinical trials prior to beginning Phase II clinical trials.

1 We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin.

2 We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop.

3 Referring to drugs classified as class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (original research drugs registered abroad and applying for registration in China) under relevant PRC drug registration laws and regulations.

4 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand, Timor Leste and Vietnam.

5 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea and Timor Leste.

Advanced-Stage Drug Candidates

We had four innovative ophthalmic drug candidates in or close to Phase III clinical trials in China, namely, OT-401, OT-101, OT-301 and OT-1001. Two in-licensed assets, OT-401 and OT-1001, are the same therapeutics already approved by the FDA in the United States. We believe these four drug candidates have potential to be first- or best-in-class addressing unmet medical needs in China and have significant near-term revenue potential for us.

OT-401 (YUTIQ)

OT-401 (YUTIQ), our Core Product, is an innovative injectable, sustained-release micro-insert for the treatment of chronic NIU-PS. Our licensing partner, EyePoint, received NDA approval from the FDA in October 2018 for YUTIQ (fluocinolone acetonide intravitreal implant) 0.18 mg for the treatment of chronic NIU-PS in the United States. We are developing (including conducting a bridging Phase III clinical trial and seeking regulatory approvals) OT-401 as a potential first-in-class treatment for chronic NIU-PS in China.

YUTIQ is a sterile non-bioerodible intravitreal implant designed to provide sustained release of a total of 0.18 mg of the active ingredient fluocinolone acetonide, or FA, a corticosteroid, at a controlled rate for up to 36 months from a single administration performed in an outpatient visit. To date, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone for up to 36 months. In China, there is no standard of care for uveitis.

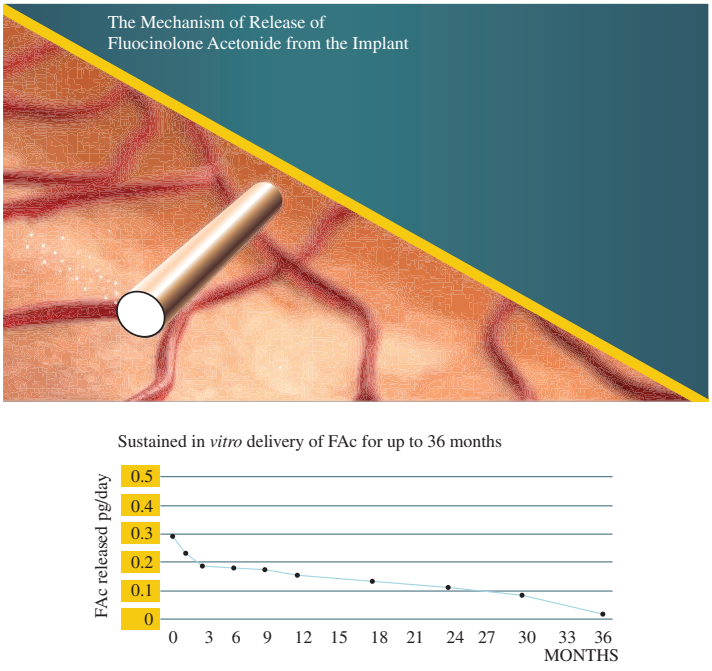
We obtained an IND approval from the NMPA to initiate a bridging Phase III clinical trial in China for OT-401 for the treatment of chronic NIU-PS in August 2019. We initiated the trial and enrolled the first patient in November 2019. The trial is currently ongoing. We plan to complete the clinical study report of a 12-month follow-up in the first quarter of 2022 and make an NDA submission for OT-401 in the first half of 2022.

Separately, we applied for and received approval to use YUTIQ in the Boao Pilot Zone in Hainan Province, taking advantage of favorable government policies to import foreign drugs not yet generally approved in China for urgent medical needs. See "—Boao Pilot Program."

Mechanism of Action

Chronic NIU-PS is a chronic, non-infectious inflammatory disease affecting the back of the eye. Corticosteroids are the most effective anti-inflammatory therapy for many chronic inflammatory diseases. Corticosteroids inhibit inflammatory responses to a variety of inciting agents including multiple inflammatory cytokines. They inhibit edema, fibrin deposition, capillary dilation, leukocyte migration, capillary proliferation, fibroblast proliferation, deposition of collagen and scar formation associated with inflammation. Corticosteroids are thought to act by inhibition of the enzyme phospholipase A_2 via induction of inhibitory proteins collectively called lipocortins. It is postulated that lipocortins control biosynthesis of potent mediators of inflammation such as prostaglandins and leukotrienes by inhibiting release of the common precursor, arachidonic acid. Arachidonic acid is released from membrane phospholipids by phospholipase A_2.

OT-401 is supplied in a sterile single-dose preloaded applicator that can be administered in the hospital and injected with inserter using a 25-gauge needle. The sustained release of the active ingredient FA is based on the Durasert® technology, a controlled, injectable and sustained-release drug delivery technology of EyePoint. Each FA insert pre-loaded in the applicator contains a drug core of 0.18mg of FA within a miniature 3.5mm length x 0.37mm diameter implant. Through Durasert®, OT-401 is able to deliver FA directly to the posterior segment of the eye for up to 36 months. The following diagram illustrates the mechanism of release of OT-401:



Source: Data from EyePoint.

Market Opportunity and Competition

Uveitis is one of the leading causes of blindness worldwide, as blindness will be the natural course of the disease if it is left untreated, in particular in young adults. According to Frost & Sullivan, uveitis is one of the top ten leading causes of blindness in China. A retrospective study showed that the mean age of onset of blindness is 34 years old and blindness is noted in 25.3% of the patients with NIPU. According to Frost & Sullivan, NIPU affected 1.4 million people in China in 2019 and is expected to affect 1.8 million people in 2030.

Currently, there is no standard of care for uveitis in China. Currently, the mainstay therapy of uveitis generally includes local administration of corticosteroid (topical, intra/peri-ocular or intravitreal) or systemic administration of steroids or immuno-suppressants. Immuno-suppressive therapy is used for patients with severe uveitis who cannot tolerate or do

not respond to systemic corticosteroid therapy. The goal of therapy is to suppress the inflammation in the back of the eye. For a detailed comparison of different corticosteroid regimens, see "Industry Overview—NIPU—Treatment Paradigm and Unmet Medical Needs."

There are significant limitations associated with each of these current therapies and their routes of administration. All corticosteroid therapies, including systemic, are associated with ocular side effects, including cataract development and elevated IOP. Topical corticosteroid delivery in general may not be as effective in the treatment of posterior (or intermediate) uveitis due to its limited intraocular penetration. Intra/Peri-ocular corticosteroid injections are required to be administered frequently. Such repeated and frequent injections have potential risk for globe perforation, orbital fibrosis, endophthalmitis, ptosis and retinal detachment. Further, in China, many patients must travel to receive the frequent, repeated injections, which increases compliance risks and substantially affects the quality of life. In addition, the recurrence rate of uveitis under the current therapies is high.

As of the Latest Practicable Date, there were no marketed competitors for the effective treatment of chronic NIU-PS with similar length of efficacy and favorable safety profile as OT-401 in China, according to Frost & Sullivan. We expect OT-401 will cost in the neighborhood of RMB60,000 for a single-dose administration, which is designed to work for a duration of three years, resulting in an average cost to patients of about RMB20,000 per year. Globally, there are only three marketed steroid implants indicated for chronic NIU-PS. None of these implants are currently available for uveitis patients in China. OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China. The following table illustrates a comparison of globally marketed steroid implants:

	Company	FDA Approval Time	Compound	Implantation procedure	Indicated population	Duration of action	Endpoint in clinical study	Treatment Effect (represented by recurrence rates)
OT-401	OcuMension/ Eyepoint	2018	Fluoccinolone acetonide 0.18 mg	Preloaded needle applicator that can be administered in the physician's office	Patients aged 18 and older, with chronic noninfectious uveitis affecting posterior segment of the eye	36 months	Recurrence in the study eye within 6 months following implantation	OT-401 (21.8%): Sham (53.8%)
Retisert	Bausch & Lomb	2005	Fluoccinolone acetonide 0.59 mg	Implanted via pars plana incision and secured by a suture in the sclera in an operating room setting	Patients aged 7 and older, with chronic recurrent non-infectious posterior uveitis	30 months	Recurrence of uveitis in the study eye within 34 weeks following implantation	Retisert (14%): Sham (40%)
Ozurdex	Allergan	2009	Dexamethasone 0.7 mg	Given intravitreally via injector in an office-based procedure	Patients aged 18 and older, with noninfectious intermediate or posterior uveitis	6 months	Proportion of patients with vitreous haze score of 0 (no inflammation) at week 8	Ozerdex (53%); Sham (88%)

Source: Frost & Sullivan literature review and analysis, Company Information

Advantages

We believe that OT-401 has the following advantages over current mainstay therapies:

- *Efficacy*. YUTIQ is the only FDA-approved drug with up to three years of efficacy for chronic NIU-PS. Many patients achieved disease control without receiving additional treatment for more than one year. In addition, as demonstrated by the efficacy results from its two Phase III clinical trials, YUTIQ significantly reduced the probability of recurrence of uveitis.

- *Convenience*. OT-401 is injected in one outpatient visit through an intravitreal injection procedure. Patients typically go home on the same day after a 30-minute tonometry following the injection procedure. Compared to current treatments that require high-frequency administration, OT-401 provides sustained control of intraocular inflammation for up to 36 months after one single administration. Chronic NIU-PS is a sight-threatening disease which is highly recurrent and chronic, requiring long-term medical management. OT-401 provides a convenient alternative for patients to avoid multiple costly visits to hospital and improve patient compliance for treatment.

- *Safety*. OT-401 is generally well tolerated among patients. The sustained delivery reduces the need for repeated applications, thereby reducing the risks of patient noncompliance and adverse effects from repeated administrations. OT-401 consists of a miniature 3.5mm x 0.37mm implant, which can be injected using a 25-gauge needle. Due to the small size of the implant and the inserter needle, OT-401 dramatically reduces the common complications that may be caused to the eye globe by intravitreal injection.

Summary of Clinical Trial Data

The NDA approval by the FDA for YUTIQ was based on two Phase III clinical trials, PSV-FAI-001 and PSV-FAI-005. Another Phase III trial, PSV-FAI-006, was conducted to evaluate the utilization and safety of the inserter. EyePoint was able to leverage all NDA data for ILUVIEN, a similar intravitreal implant originally developed by EyePoint for DME.

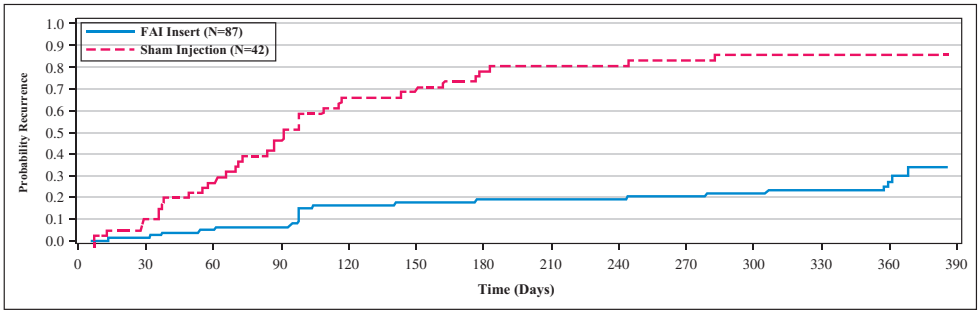
Phase III Clinical Trial (PSV-FAI-001) (Data presented below are primarily based on FDA-approved label, clinical reviews of NDA submission in United States and EyePoint public disclosure)

Overview. PSV-FAI-001 was a multi-national, multi-center, randomized, double-masked, sham-controlled Phase III clinical trial to evaluate the safety and efficacy of YUTIQ for the management of patients with chronic NIU-PS who received previous therapy. Patients were randomized to receive either a sham injection or YUTIQ and were observed for three years following treatment.

Trial Design. This Phase III trial enrolled 129 patients in 16 centers in the United States and 17 centers in countries outside the United States, including India, Israel, the United Kingdom, Germany and Hungary, with 87 eyes treated with YUTIQ and 42 eyes receiving sham injections. The primary efficacy endpoint in this trial was the proportion of patients who experienced recurrence of uveitis within six months of follow-up. The proportion of subject who had a recurrence of uveitis in the study eye within 36 months following treatment is one of the exploratory efficacy endpoints. Recurrence, which was defined as either deterioration in visual acuity or vitreous haze attributable to noninfectious uveitis, or the need for rescue medications, was also assessed at 12 months and 36 months.

Trial Status. This trial was initiated in June 2013 and reached primary completion in October 2016. The study completion date of this trial was in October 2018.

Efficacy Data. This Phase III trial met its primary efficacy endpoint of prevention of recurrence of disease at six months with statistical significance. Recurrence of disease in YUTIQ-treated patients was statistically significantly lower than in sham-treated patients. Recurrence of disease within six months of follow-up was 18.4% in YUTIQ-treated patients, compared to 78.6% in sham-treated patients. Similar efficacy results were achieved through 12-months and 36-month follow-up visits. Recurrence of disease within 12-month follow-up was 27.6% in YUTIQ-treated patients compared to 85.7% in sham-treated patients. Recurrence of disease within 36 months of follow-up was 56.3% in YUTIQ-treated patients compared to 92.9% in sham-treated patients. The proportion of patients requiring assistant treatment with intraocular/periocular steroids for uveitic inflammation was 19.5% in YUTIQ-treated eyes compared to 69.0% in sham-treated eyes. All data were based on the intent-to-treat, or ITT, population.



Safety Data. YUTIQ was generally well tolerated through 6 months, 12 months and 36 months of follow-up. Over the 36-month follow-up period, the duration of study participation was similar between the two treatment groups. The most frequent ocular TEAEs reported in the treated eye were cataract development and elevated IOP in patients treated with YUTIQ, and uveitis, macular edema and elevated IOP in patients treated with sham. IOP-lowering medication were used in 42.5% of YUTIQ-treated eyes and 33.3% of sham-treated eyes, with IOP-lowering surgeries performed in 5.7% of YUTIQ-treated eyes and 11.9% of sham-treated eyes. Cataracts were extracted from 42 patients (48.3%) administered with YUTIQ to phakic (or having lens) eyes and 21 patients (50.0%) administered with sham to phakic eyes. Cataract development and elevated IOP related side effects are well-known adverse effects of ocular steroid treatments. Cataracts are both a side effect of treatment with steroids and a natural consequence of uveitis. There were no TEAEs leading to treatment discontinuation or study discontinuation, or TEAEs leading to YUTIQ insert removal reported through month 36 of the study. One patient in the YUTIQ treatment group experienced an SAE of septic shock with an outcome of death. This event was deemed by the investigator to be unrelated to study treatment. In general, there were no notable differences between the YUTIQ treatment group and the sham treatment group in vital sign results. Overall, no new safety concerns were identified.

Phase III Clinical Trial (PSV-FAI-005) (Data presented below are primarily based on FDA-approved label, clinical reviews of NDA submission in United States and EyePoint public disclosures)

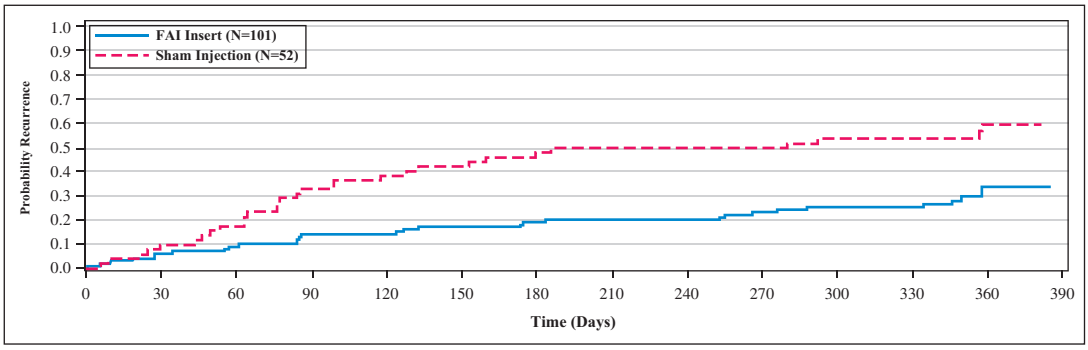
Overview. PSV-FAI-005 was a Phase III, multi-center, randomized, double-masked, sham-controlled study to evaluate the safety and efficacy of YUTIQ for the management of subjects with chronic NIU-PS who received previous therapy. Patients were randomized to receive either a sham injection or YUTIQ and were observed for three years following treatment.

Trial Design. This Phase III trial enrolled 153 patients in 15 centers in India with 101 eyes treated with YUTIQ and 52 eyes receiving sham injections. The primary endpoint in this trial was the proportion of patients who experienced recurrence of uveitis within 6 months of follow-up. Recurrence was defined as either deterioration in visual acuity or vitreous haze attributable to noninfectious uveitis.

Trial Status. This trial was initiated in June 2015 and reached primary completion in April 2017. The study completion date of this trial was in October 2019.

Efficacy Data. This Phase III trial met its primary efficacy endpoint of prevention of recurrence of disease at 6 months, 12 months and 36 months with statistical significance. Recurrence of disease was 21.8% of YUTIQ-treated patients compared to 53.8% of sham-treated patients through a 6-month follow-up, 32.7% of YUTIQ-treated patients compared to 59.6% of sham-treated patients through a 12-month follow-up and 46.5% of YUTIQ-treated patients compared to 75.0% of sham-treated patients through a 36-month follow-up.

Considerably fewer YUTIQ-treated eyes (8.9%) needed the assistance of adjunctive intraocular/periocular steroids injection for uveitic inflammation, compared to sham-treated eyes (51.9%) through a 36-month follow-up. All data were based on the ITT population.



Safety Data. YUTIQ was generally well tolerated through the 6-month, 12-month and 36-month follow-up. The most frequent ocular events reported in the treated eyes were elevated IOP. Elevated IOP is a well-known side effect of ocular steroid treatments. Mean IOP at 36 months was 14.8 mmHg and 13.4 mmHg in the YUTIQ-treatment eyes and sham-treated eyes, respectively. IOP lowering drops were used in 74.3% of YUTIQ-treated eyes and 73.1% of sham-treated eyes. IOP lowering surgeries were performed in 2.0 % of YUTIQ-treated eyes and in none of the sham-treated eyes. In patients with phakic eyes when enrolled in the study cataracts were extracted from 70.5% of patients administered with YUTIQ and 26.5% of patients administered with sham by the final 36-month time point of the study.

Phase III Clinical Trial (PSV-FAI-006) (Data presented below are primarily based on FDA-approval label, clinical reviews of NDA submission in United States and EyePoint public disclosures)

Overview. PSV-FAI-006 was a Phase III, controlled, multi-center study to evaluate the utilization and safety of the MK II inserter and the safety of the FA intravitreal insert in subjects with chronic NIU-PS. The FA intravitreal insert referred to an injectable intravitreal sustained-release FA delivery system pre-loaded into an injection device. Mk II inserter was a pre-loaded applicator with a 27-gauge needle and Mk I inserter was a pre-loaded applicator with a 25-gauge needle. The MK I inserter was used in the PSV-FAI-001 clinical trial and the MK II was used in the PSV-FAI-005 clinical trial. The MK I is the inserter used in YUTIQ.

Trial Design. A total of six study sites were initiated in the United States. All subjects were to receive the YUTIQ on day 1 of the study, administered using either an Mk I inserter or an Mk II inserter. The primary utilization and safety analyses of the inserters were conducted through Day 7; safety analyses of the FA intravitreal insert were conducted through Day 7 and through Month 12. The primary utilization endpoint was defined as the proportion of intravitreal insertion procedures that were assessed as satisfactory by the investigator. A satisfactory procedure was defined as one receiving a score as very easy, easy or routine, from the investigator.

Trial Status. This trial was initiated in February 2016 and reached primary completion in September 2017. The study completion date of this trial was in December 2017.

Efficacy Data. In total, 38 study eyes from 26 subjects were randomly assigned to treatment, among which 27 study eyes in the Mk II inserter treatment group and 11 study eyes in the Mk I inserter treatment group. The Mk II inserter treatment group had a higher proportion of satisfactory assessments compared with the Mk I inserter treatment group through Day 7 (66.7% and 45.5% in the Mk II inserter and Mk I inserter treatment groups, respectively).

Safety Data. A lower proportion of TEAEs were reported in the Mk II inserter treatment group compared with the Mk I inserter treatment group in the study. Overall, the safety profile of the MK II inserter was generally better than MK I inserter. Among all 26 subject, three (11.5%) subjects experienced a total of five serious non-ocular TEAEs. A serious non-ocular severe TEAE of renal neoplasm was reported in one subject. All other events of tachycardia, pancreatitis, type 2 diabetes mellitus and hypoxia were moderate in severity; one subject experienced pancreatitis and one subject experienced tachycardia, type 2 diabetes mellitus and hypoxia. All events were considered unrelated to the treatment. No subjects experienced TEAEs leading to discontinuation from the study, or AEs leading to death in the study.

Ongoing Phase III Clinical Trial in China

Overview. We are conducting a multi-center, randomized, double-blinded, controlled Phase III clinical trial to evaluate the clinical safety and efficacy of OT-401 in subjects with chronic NIU-PS in China. It is a bridging study which is conducted under the ICH-E5 guidance. The primary purpose of the bridging study is to demonstrate that the clinical data in the United States (PSV-FAI-001 and PSV-FAI-005) could be extrapolated to the Chinese population.

Trial Design. The trial consists of three stages: (i) patient screening and selecting (within 30 days before dose); (ii) single dose; and (iii) follow-ups on the 7th day and 28th day after dose, and upon the 2nd, 3rd, 6th, 9th, 12th, 18th, 24th, 30th and 36th month anniversaries of the dose. The trial is expected to enroll 150 patients at 10 clinical sites across China. Enrolled patients will be allocated on a 2:1 ratio for dosage and sham injection. The primary endpoint is the proportion of patients who experienced recurrence of uveitis within six months. The safety profile will be assessed based on systemic adverse events and any ocular adverse events.

Trial Status. As of the Latest Practicable Date, we had recruited a total of 29 patients. Out of the 29 enrolled patients, 23 patients had already received their 7-day follow-up visits, 19 patients had received their 28-day follow-up visits, 12 patients had received their 2-month follow-up visits, 12 patients had received their 3-month follow-up visits and 5 patients had received their 6-month follow-up visits.

Regulatory Communications. In January 2019, we made the pre-IND communication application to the CDE for the proposed Phase III bridging trial for OT-401 in China based on data from the two Phase III clinical trials conducted by EyePoint. We prepared and submitted pre-IND meeting materials in February 2019, in which we made inquiries to the CDE about its level of acceptance of the clinical data collected from the Eyepoint trials and the design of our bridging trial in China.

In May 2019, CDE formally responded to our inquiries in the pre-IND meeting materials and confirmed that: (i) the proposed clinical trial is a Phase III bridging trial and data from this trial may be used to support registration in China; (ii) the proposed clinical trial's design of the safety and efficacy endpoints to be assessed in a 12-month follow-up is generally adequate; and (iii) we may conduct Phase III trial in China on the basis of the clinical data from the two Phase III clinical trials conducted by Eyepoint. Additionally, the necessity and pharmacokinetics of OT-401 can be evaluated in the same Phase III trial. We received IND approval from the NMPA in August 2019.

We also had a formal consultation with the CMDE regarding the document and test requirements for medical device in May 2019. CMDE advised us that the FA intravitreal insert is not a medical device by definition and CMDE will determine whether the preloaded applicator needs to be tested and the testing time during the clinical review stage. We have engaged a third-party institution to conduct transportation environment simulation test for the preloaded applicator. We are not aware of any legal claims or proceedings that may have an adverse influence on our research and development for OT-401. As of the Latest Practicable Date, the NMPA had not raised any material concerns or objections towards the completed Phase III clinical trials in the United States or the ongoing Phase III clinical trial in China, and no material adverse change has occurred with respect to the regulatory review or approval process of OT-401.

Clinical Development Plan

We plan to continue the ongoing Phase III trial in China and complete the clinical study report of a 12-month follow-up in the first quarter of 2022. We target to make an NDA submission for OT-401 in the first half of 2022.

Licensing

We obtained an exclusive license from EyePoint to import, test, use, sell, develop and commercialize OT-401 in the Greater China region in November 2018. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)."

Boao Pilot Program

On February 28, 2013, the State Council officially approved the establishment of Boao Lecheng International Medical Tourism Pilot Zone (博鰲樂城國際醫療旅遊先行區), or the Boao Pilot Zone, in Hainan Province, and published nine promotional policies, including a pilot examination and approval mechanism to import drugs not yet approved in China for urgent medial needs, or the Boao Pilot Program. In 2018, the State Council devolved the approval authority to import drugs for urgent medical needs to the Hainan provincial government. In 2019, the Hainan provincial government further delegated the approval authority to the Hainan provincial NMPA, which "shall cooperate with other relevant local authorities," including the Hainan provincial Health Commission and Haikou Customs, to implement a fast-track approval system for imported drugs for urgent medical needs. We promptly took advantage of these new policies and had YUTIQ admitted to the program in July 2019 on a fast-track application.

We received approval from the competent authorities to admit YUTIQ under the Boao Pilot Program in July 2019. As of the Latest Practicable Date, YUTIQ was the first and remained the only ophthalmic drug approved for use in the Boao Pilot Zone and we had enrolled 16 patients, eight of which had received injection under the program. We expect to enroll approximately 50 to 65 eyes (patients), 150 to 180 eyes (patients) and 200 to 250 eyes (patients) for injection of OT-401 under Boao Pilot Program in 2020, 2021 and 2022, respectively. We do not expect the revenue derived under the Boao Pilot Program to be significant, because Boao Pilot Program is a pilot program to import drugs not yet approved in China for urgent medical needs, and therefore the number of enrolled patients is expected to be limited.

Our R&D Work

We have independently conducted substantial R&D work for OT-401 and made progress towards its Phase III clinical trial in China and its admission to the Boao Pilot Program:

- *IND preparation and approval*. We have made substantial R&D efforts to obtain the IND approval from the NMPA for conducting Phase III clinical trial in China for OT-401 for the indication of chronic NIU-PS. We successfully obtained an IND approval from the NMPA to initiate a bridging Phase III trial in China, a mere nine months after we signed the license agreement. By comparison, it typically takes 12 to 18 months to progress from a license agreement to IND approval in China, according to Frost & Sullivan. The IND approval is a result of detailed analysis and supporting materials prepared by our in-house R&D team, safety profile and pharmacokinetic characteristics of OT-401, dosing regimen and adverse drug reactions of enrolled patients in previous trials. In particular:

  - We conducted detailed technical analysis of existing product data, uveitis-related clinical guidelines, product quality standards and conduct of equipment tests to support our IND application. Our medical and clinical development

department conducted research on drug development trend of uveitis and reviewed over 200 pieces of literature of uveitis to evaluate the potential unmet medical needs of OT-401 for uveitis patients in China, the innovation and clinical advantage of OT-401 and the prospect of a clinical development of OT-401 in China. Our medical and clinical development team also investigated the therapeutic area and target population, the clinical characteristics of the indication and detailed diagnostic criteria and treatment guidelines in China and globally and limitation of current treatment for uveitis in China.

- We developed a registration strategy for OT-401 in China. Our regulatory affair team arranged communications with CDE and organized consultation meetings with CDE and CMDE regarding Phase III bridging trial for OT-401 and the document and test requirements for medical device (as OT-401 is supplied in an applicator and packaged with an inserter), respectively. See "—Ongoing Phase III Clinical Trial in China—Regulatory Communications." Our regulatory affair team also submitted registration applications and naming applications for generic name of OT-401. Moreover, our regulatory affair team formulated a quality standard of Chinese Pharmacopoeia, carried out import registration inspection and review, established quality standard for inserter and drug container of OT-401, developed transit test, validity test and technical requirement test and developed risk management plan and related documents. Based on relevant regulations and quality standard and equipment tests our regulatory affair team developed, our development team carried out equipment tests, including transit test and risk management plan.

- We developed a clinical protocol matching the characteristics of the onset of uveitis among Chinese population and clinical practice in China with the YUTIQ clinical protocol in the United States for conducting a bridging Phase III clinical trial in China for OT-401. To design and formulate the clinical protocol, we conducted a broad range of clinical trial preparation activities, including formulation of clinical development plan, preparation of clinical study overview, investigator brochure, risk management plan, manual of procedure and patient consent procedure. We held a number of consultation meetings with key opinion leaders and principal investigators in China and United States to fine-tune the study protocol and form a customized plan for the bridging clinical trial in China. We had extensive communication and discussion with EyePoint on the clinical trial designs and clinical trial results of YUTIQ in the United States. We also had discussions with CRO on trial design and details of clinical trial protocol, including inclusion criteria and exclusion criteria, AE and SAE defined by regimen, analysis of subjects, criteria and treatment measures for recurrent uveitis, inflammation control criteria, and setting of ophthalmic examinations during the study. Moreover, our medical and clinical development team developed pharmacokinetic study protocol and conducted pharmacovigilance for OT-401.

As advised by our PRC Legal Advisor, in order to receive NDA approval from the NMPA, a class 5.1 drug requires either both Phase I and III clinical trials or, with an explicit waiver from the CDE, only a Phase III clinical trial. Our R&D efforts helped us obtain from the NMPA a Phase I clinical trial waiver and approval to conduct a bridging Phase III clinical trial for OT-401. According to Frost & Sullivan, our ongoing Phase III clinical trial for OT-401 is the first clinical trial for uveitis implant treatment in China, which is a major breakthrough in the clinical development of uveitis.

- *Ongoing Phase III clinical trial in China*. We conducted a wide variety of independent in-house R&D activities to advance OT-401 from pre-IND to the ongoing Phase III clinical trial with self-generated R&D data, including:

  - Selection of vendors and clinical sites. We rigorously selected vendors and clinical sites for our Phase III clinical trial in China. We selected top-ranking vendors, including a leading CRO, to ensure the quality of our Phase III trial. In selection of clinical sites, our clinical operation team designed a questionnaire on patient epidemiology, inclusion and exclusion criteria, ophthalmic instruments and hospital trial management quality and development process to assess the capability of the clinical sites, and paid on-site visits to each hospital candidates. We carefully selected ten hospitals that best fit our requirements as clinical sites of our Phase III clinical trial.

  - Documentation and system preparation. Our clinical operation team reviewed and approved various clinical documents for the management and implementation of the clinical trial. Many study level plans, such as project communication plan, data management plan, inspection plan, protocol deviation plan, medical inspection plan, research management plan and vendor management plan, were developed to manage the clinical trial. Our clinical operation team also formulated safety related documents, such as safety management plan, investigator manual, clinical trial operation manual, informed consent form, case report, risk management plan, safety data exchange agreement and SAE reconciliation guidelines. We adopted electronic clinical trial management system, an advanced clinical management system to manage daily research and development work, for our Phase III clinical trial for OT-401.

  - Clinical trial personnel training. In order to complete a smooth and high-quality Phase III clinical trial, we designed a hospital training program, covering systematic training at the clinical trial preparation stage as well as after the initiation of clinical trial. For example, we invited experts to provide training sessions to potential investigators in China relating to OT-401's administration and injection in light of its novelty. We have arranged training

for ophthalmologists from ten clinical trial sites in preparation for the Phase III clinical trial. We also conducted training for investigators and sub-investigators at site initiation visit of each clinical site.

- Subject screening and study management. We recruited and enrolled patients for our Phase III clinical trial and recorded and analyzed demographics and clinical characteristic data at baseline and post-operative data from enrolled patients. As of the Latest Practicable Date, out of the 29 enrolled patients, 23 patients had already received their 7-day follow-up visits, 19 patients had received their 28-day follow-up visits, 12 patients had received their 2-month follow-up visits, 12 patients had received their 3-month follow-up visits and 5 patients had received their 6-month follow-up visits. Our clinical operation team also organized a governance meeting to ensure CRO to report clinical operations monthly and held weekly meetings with CRO and site management organization to manage and discuss various issues at project level and hospital level. Our clinical operation team sent monthly reports to all members. For complex issues to be solved, our clinical project manager communicated with CRO and hospitals daily to ensure the trial to proceed efficiently.

- Monthly review of protocol deviation cases. Our medical and clinical development team led the adoption and modification of clinical trial plans of OT-401, managed overall operation and reporting of CRO and provided guidance for daily work and development of CRO. Our medical and clinical development department held monthly meetings with CRO to discuss protocol deviation cases, analyzed the causes and solutions for each case, and provided feedback to clinical supervisors and main researchers to avoid the recurrence of such events.

- Monthly review of medical data. Our medical and clinical development department reviews the medical data with CRO once a month, analyzing screening situation, inclusion and exclusion criteria, follow-up information and safety information of the subjects in combination with the trial plan.

- Real-time communication of AEs. Our clinical operation team communicated with the CRO timely for AEs in clinical trials. Our clinical operation team and medical team discussed the types of AE and complete reports according to the operating procedures timely and analyzed the severity of AEs and the correlation to OT-401. For reported SAEs, CRO pharmacovigilance staff and medical safety staff and our clinical operation team send the inquiry to the investigators. The investigators fill in the follow-up report form with the follow-up information of the subjects.

- Risk management during the COVID-19 outbreak. Suspension of clinical work of researchers and follow-up of subjects due the outbreak of COVID-19 may potentially cause data missing of enrolled patient follow-ups, which may be a major protocol deviation according to our protocol deviation management plan. Our clinical operation team organized a meeting with statistical experts, then developed and launched a risk management plan to provide guidelines and recommendation actions for major protocol deviation caused by the COVID-19 outbreak.

- *Boao Pilot Program*. Under the Boao Pilot Program, injection of OT-401 on each candidate patient must be separately approved using individual data on a patient-by-patient basis by the competent authorities, requiring us to conduct pre-treatment and post-treatment R&D work for each candidate patient:

  - Pre-treatment R&D work. We set up an internal assessment committee, or the Assessment Committee, for injection of OT-401 under the Boao Pilot Program which consists of our clinical experts with ophthalmic experience. The Assessment Committee performs detailed evaluation on each candidate patient based on consultation with ophthalmologists, taking into consideration selection of indications, the patient's symptoms and health conditions. At the same time, we provide training to the ophthalmologists at Boao Super Hospital for injection of OT-401. We will collect clinical data of the patients who already took injections of OT-401. During this process, we actively conduct clinical studies on the target patients to facilitate the applications, including the pre-treatment assessment of the candidate patient and the clinical data of the previous patients who have already completed injections.

  - After-treatment R&D work. For the purpose of facilitating approvals of future cases, we closely follow up with ophthalmologists at Boao Super Hospital for post-treatment clinical data of the patients, including the treatment effect and adverse reactions. The recruitment, enrollment and approval of chronic NIU-PS patients under the Boao Pilot Program are jointly driven by Boao Super Hospital and our Assessment Committee. Qualified "real-world data" collected under the Boao Pilot Program may be recognized by the NMPA under the Guidelines on Using Real-World Evidence to Support Development, Research, and Review of Drugs (Trial) (《真實世界證據支持藥物研發與審評的指導原則(試行)》) as a basis for consideration in the potential NDA approval of OT-401 in the PRC, subject to relevance and reliability test. The reliability test refers to the evaluation of the following four aspects of the "real-world data", namely, the completeness, accuracy, transparency and quality guarantee of the "real-world data." In this regard, the "real-world data" collected under the Boao Pilot Program for OT-401 must satisfy the evaluation of completeness, accuracy, transparency and quality guarantee of the relevant "real-world data," to be formed as real-world evidence which may be admitted as a basis for consideration in the NDA approval in the PRC.

We have primarily engaged in research and development for the purposes of developing OT-401 as we have engaged leading CRO and other service providers and collaborated with select hospitals with respect to the R&D work, ongoing Phase III clinical trial and treatment of patients under the Boao Pilot Program listed above. We plan to fund the ongoing R&D work for OT-401 and its commercialization using the net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" in this document.

As advised by Frost & Sullivan, our independent R&D work relating to (i) the IND preparation and approval; (ii) the Phase III clinical trial; and (iii) the Boao Pilot Program constitutes R&D progress and self-generated R&D data within the R&D work of a class 5.1 drug, and therefore our Directors are of the view that our R&D work for OT-401 under the Phase III clinical trial and the Boao Pilot Program is far beyond the scope and complexity of a Phase I clinical trial if one were required. Accordingly, the Joint Sponsors are of the view that the Company is eligible for [**REDACTED**] under Chapter 18A of the Listing Rules.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-401 SUCCESSFULLY.

OT-101 (Atropine 0.01%)

OT-101 is a low-concentration atropine 0.01% eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. Atropine has a long history of use in humans for treating various diseases, and has been accepted as an effective drug for myopia. According to Frost & Sullivan, atropine is the only medication to date that has been demonstrated to be consistently effective in retarding myopic progression. Additionally, atropine is the only anticholinergic recommended in Appropriate Technical Guidelines for Prevention and Control of Myopia in Children and Adolescents (兒童青少年近視防控適宜技術指南) issued by the National Health Commission of the PRC. OT-101, as a low-concentration atropine 0.01% eye drop, is believed to have lower rates of adverse effects compared to high-concentration atropine (0.1% or 0.5%). The instability of low-concentration atropine solutions has long been a technical barrier. We have conducted preclinical studies for OT-101 focusing on developing a proprietary formulation to improve its stability. We plan to evaluate OT-101 as a safe and effective myopia-retarding eye drop for children and adolescents in China, the EU and the United States in a MRCT Phase III clinical trial.

Mechanism of Action

Although the exact mechanism of action of atropine in controlling the progression of myopia is still unclear, research has suggested that myopia in children may be connected to focusing fatigue, and atropine can control myopia by disabling the focusing mechanism. Atropine is an anticholinergic substance that blocks the action of neurotransmitters in the central and the peripheral nervous systems. Atropine eye drops can dilate the pupil and temporarily paralyze the focusing muscles inside the eye. By relaxing the focusing mechanism, atropine helps relieve focusing fatigue, thereby controlling the progression of myopia. Other theories suggest that atropine may be effective through reducing γ-aminobutyric acid levels or interfering with scleral remodeling.

Market Opportunity and Competition

Myopia, or near-sightedness, is a vision condition in which close objects are seen clearly, but objects farther away appear blurred. Myopia is usually caused by an elongation of the eyeball, causing the image to be focused in front of the retina. According to Frost & Sullivan, myopia affected nearly 168.8 million children and adolescents in China in 2019, and is expected to affect 191.4 million children and adolescents in 2030. Myopia tends to increase rapidly between the ages of 5 and 15, and usually stabilizes by the end of the early 20s. Therefore, prevention or control of the progression of myopia is critical for children and adolescents.

While wearing prescription lenses, namely, spectacle eyeglasses or contact lenses, remains the mainstream method of vision correction in myopic children and adolescents, its efficacy in delaying the progression of myopia is limited. Atropine is the only medication to date that has been demonstrated to be consistently effective, and more effective than prescription lenses, in myopia control. According to Frost & Sullivan, based on controlled experiments by *Huang et. al* 2016, after at least one year's treatment, low-concentration atropine was proven to be more effective in slowing down the progression of myopia than bifocal spectacle lens and soft hydrophilic contact lens.

However, low-concentration atropine is unstable, which is the primary reason why it has not yet been widely commercialized despite its effectiveness and safety. At 25ºC and neutral pH, 0.01% atropine remains stable for only 2-8 weeks. We have conducted preclinical studies for OT-101 focusing on developing a proprietary formulation to improve low-concentration atropine's stability.

Globally, there are other four clinical-stage anticholinergic drug candidates for myopia control. All four drug candidates belong to the low-concentration atropine category and three of them have reached Phase III clinical trials:

Drug Code/ Name	Sponsor	Age Group	Clinical Phase	Regulatory Authority	First Posted Date
NVK-002	Nevakar , LLC	3 - 17 years	III	FDA	2017/11/22
SYD-101	Sydnexis , Inc.	3 - 14 years	III	FDA	2019/4/18
Atropine 0.01% Ophthalmic Solution	Eyenovia Inc.	3 - 12 years	III	FDA	2019/5/8
Atropine 0.01% Eye Drop	Sinqi	6 – 12 years	III	NMPA	2020/05/27
DE-127 Ophthalmic Solution	Santen Pharmaceutical Co., Ltd.	6 - 11 years	II	Singapore HSA	2017/11/6
OT-101	Ocumension	5 -14 years	Pre -clinical	-	N/A

Source: NMPA, FDA, Frost & Sullivan Analysis

In China, there is currently no approved atropine eye drop for myopia control and there is no clinical-stage atropine drug candidate. Only two anticholinergics drug products, tropicamide eye drop and raceanisodamine eye drop, were approved by the NMPA for pseudomyopia treatment in China. The two eye drops, approved around 1990, are relatively outdated and may cause side effects such as allergy, elevated IOP and nausea.

Advantages

Compared with other anticholinergic eye drops, we believe OT-101 will have advantages from our proprietary formulation, which addresses stability issues for low-concentration atropine solutions, thereby ensuring the delivery of sufficient effective quantity of atropine within the shelf life of the product. The suitable pH value of OT-101 also improves the comfort of patients in drug administration, and patient compliance is also expected to be improved as a result.

Selected Independent Clinical Studies

Efficacy. Atropine has been accepted as an effective drug to control the progression of myopia in children and adolescents. In a five-year clinical study conducted by *Chia et al.*, or the ATOM2 Study, researchers compared the efficacy as well safety of different concentrations of atropine in controlling myopia progression.

In Phase I (the treatment phase), 400 Asian children aged 6 to 12 years with myopia were randomized to receive atropine 0.01%, 0.1% and 0.5% once nightly in both eyes for two years. In Phase II (the washout phase), atropine administration was discontinued and children were monitored for 12 months. In Phase III (the re-treatment phase), children who exhibited myopia progression of -0.50 D or more in at least one eye during the washout phase were re-treated by atropine 0.01% for a further 24 months.

The study shows that, over five years, atropine 0.01% was more effective in slowing down myopia progression compared with higher-concentration (0.1% and 0.5%) atropine. Specifically, although the higher-concentration treatments were shown to be more effective by the end of Phase I, patients treated with higher doses experienced greater rebound effects during Phase II and, consequently, a higher percentage of patients required re-treatment during Phase III. By the end of Phase III, the overall myopia progression and change in axial elongation was the lowest in the atropine 0.01% group (-1.38±0.98 D, 0.75±0.48 mm), compared with the 0.1% (-1.83±1.16 D, 0.85±0.53 mm) and 0.5% (-1.98±1.10 D, 0.87±0.49 mm) groups.

Safety. Atropine eye drops at a concentration of 1% or less are considered safe for both adults and children. After the approval of the use of atropine 1% eye drops in 2014, the FDA released a pediatric postmarketing pharmacovigilance and drug utilization review in 2017. According to the 2017 FDA review, approximately 116,000 patients used atropine eye drops between 2014 and 2017, with only 23 cases of SAEs being reported. The review concluded that there was no evidence for pediatric safety concerns with atropine eye drops.

Although the use of atropine 1% is generally safe, it causes common side effects such as photophobia, blurred vision and allergic conjunctivitis. Such side effects cause inconvenience to the patients' daily life and lead to high drop-out rates of high-concentration atropine treatments. Besides, rebound effect after atropine discontinuation has also been identified, and is particularly notable in patients treated by high-concentration atropine.

As for atropine 0.01%, the study by *Chia et al.* shows that it preserves the myopia attenuating effects while reduces adverse effects commonly caused by high-concentration atropine, such as photophobia and blurred vision. Specifically, atropine 0.01% caused minimal pupil dilation (0.8 mm), minimal loss of accommodation (2-3 D), and no near visual loss compared with higher doses. Another research (*Gong et al.* 2017) indicated that the most frequently reported adverse effects, such as photophobia, blurred vision and allergic conjunctivitis, occur in approximately 6.3%, 2.3% and 2.9% of myopia patients using 0.01% atropine, respectively.

Our R&D Work

We have conducted substantial R&D work for OT-101:

- *Market and technical feasibility study*. At the beginning of our development of OT-101, we conducted an in-depth literature review and competitive landscape analysis, and reached the conclusion that OT-101 could be a scientifically and commercially viable drug candidate for myopia control:

  - Our medical and clinical development department conducted an extensive review of medical research literature in the use of low-concentration atropine in myopia control for children and adolescents. Based on our analysis of medical research literature, we further evaluated the prospect of developing a low-concentration atropine drug product from the biopharmaceutics, clinical pharmacology, efficacy and safety perspectives.

  - We also analyzed existing therapies for myopia control and current drug development trends to assess the unmet medical needs for OT-101 from Chinese children and adolescents with myopia. Through our analysis of existing therapies and ongoing research, we also evaluated OT-101's comparative advantages in the Chinese ophthalmic pharmaceutical market.

- *Preclinical studies and tests*. We have made substantial R&D efforts on developing a proprietary formulation to improve the stability of low-concentration atropine solutions:

  - We developed a storage and delivery system to address low-concentration atropine solution's instability. Specifically, we conducted a series of tests in-house of potential alternative formulations for OT-101. On the basis of these screening experiments, we formed our interim conclusion on the formulation approach we would continue to pursue. We further developed the storage and delivery system, and also conducted several rounds of tests on the system's reliability, closure integrity and sterility conditions. We also manufactured drug samples and relevant clinical supplies and tested the drug samples' stability. We streamlined our development process by engaging several leading CROs to assist us in the execution of our tests.

- *Regulatory communications and formulation of the MRCT Phase III clinical trial plan*. Based on our preclinical studies and tests, we formulated a global clinical development plan for the development of OT-101 under the MRCT scheme. MRCTs represent an advance mode of drug development, as they avoid repetitive clinical trials, reduce the time lag of launch in key markets and improve patient access to new and innovative treatments. MRCTs require globally synchronized clinical development plans, clinical trial designs and study protocols, which needs higher R&D capabilities and efforts compared to ordinary clinical trials. We also kept improving the design through our communications and consultations with the regulatory authorities in the relevant countries and regions:

- *Pre-IND meetings and consultations with regulatory authorities*.

  - In October 2018, December 2018 and March 2019, we had pre-IND meetings with the FDA, the MHRA and the EMA and two other regulatory authorities in the EU, respectively. We submitted another pre-IND meeting application to the EMA in April 2020, and obtained a scientific advice letter from the EMA in June 2020. Through our continuous communications with these regulatory authorities, we obtained scientific advice on OT-101's development and clinical trial design, and these authorities demonstrated positive attitudes towards our development of OT-101. We plan to initiate the MRCT Phase III clinical trial in the United States in the second half of 2020 and in the EU in the first half of 2021.

  - In January 2019, we prepared and submitted a pre-IND meeting application to the CDE. We plan to initiate the MRCT Phase III clinical trial in China in mid 2021.

- *Clinical development plan*. Our design of the MRCT Phase III clinical trial considered differences among the trial sites in various countries and regions, such as differences in medical practices, disease prevalence and clinical characteristics of the patients. We also standardized various aspects of the clinical trial protocols, such as the criteria for efficacy evaluation and subject selection.

  - Clinical trial design. We aim to evaluate the efficacy and safety of 0.01% atropine in controlling the progression of myopia in children and adolescents aged between 5 to 14 years of age following two years of treatment. We expect that over 600 subjects will be enrolled and randomized in a 2:1 ratio between an atropine group and a placebo group. The clinical trial is planned to last three years.

  - Preparatory work. We completed a broad range of preparatory work in support of the clinical trial plan, including the preparation of clinical study overview, investigator brochure, risk management plan and pediatric drug development strategy. We also formed a joint working group with the leading CRO to monitor the implementation of our global clinical development strategy. The joint working group is led by our CMO, Dr. Chen DongHong and also includes our medical and clinical development personnel, CMC personnel and regulatory affairs and research personnel and core members from the CRO.

- Further development plan. We plan to submit the IND applications to the relevant regulatory authorities in China, Europe and the United States in the second half of 2020. Subject to IND approval from these authorities, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We plan to enroll the first patient in the United States in the second half of 2020, and then enroll the first patients in EU and China both in the first half of 2021. We target to apply for marketing approval for OT-101 initially in the EU and China based on data from the MRCT.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-101 SUCCESSFULLY.

OT-301 (NCX 470)

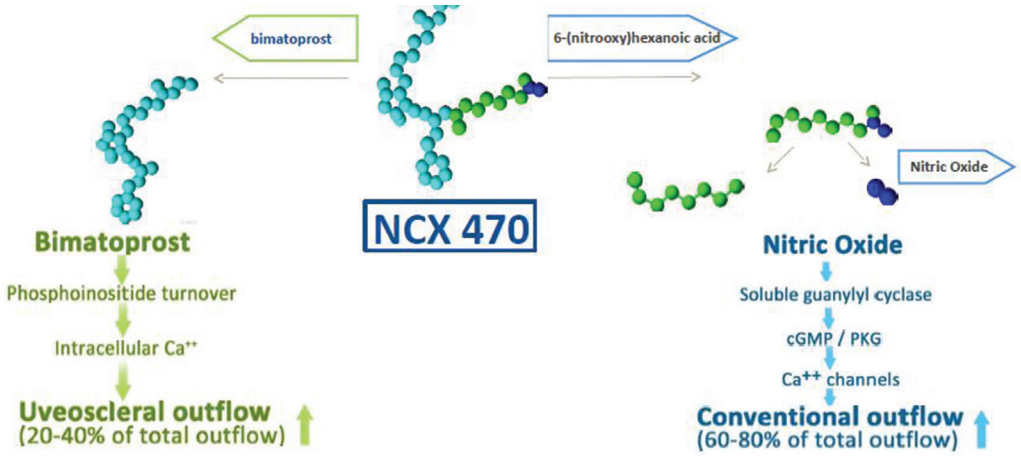
OT-301 (NCX 470) is a first-in-class, second-generation nitric oxide (NO)-donating bimatoprost analog, intended to lower IOP in open-angle glaucoma and ocular hypertension. Its dual mechanism of action allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect.

OT-301 (NCX 470) demonstrated a superior IOP-lowering treatment effect compared with latanoprost, the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, in its Phase II trial which was completed in August 2019, sponsored by our licensing partner Nicox. By adding NO-mediated efficacy to bimatoprost, which is considered the most efficacious prostaglandin analog, or PGA, approved to date, OT-301 (NCX 470) is a potential best-in-class treatment drug candidate for lowering IOP in glaucoma and ocular hypertension patients.

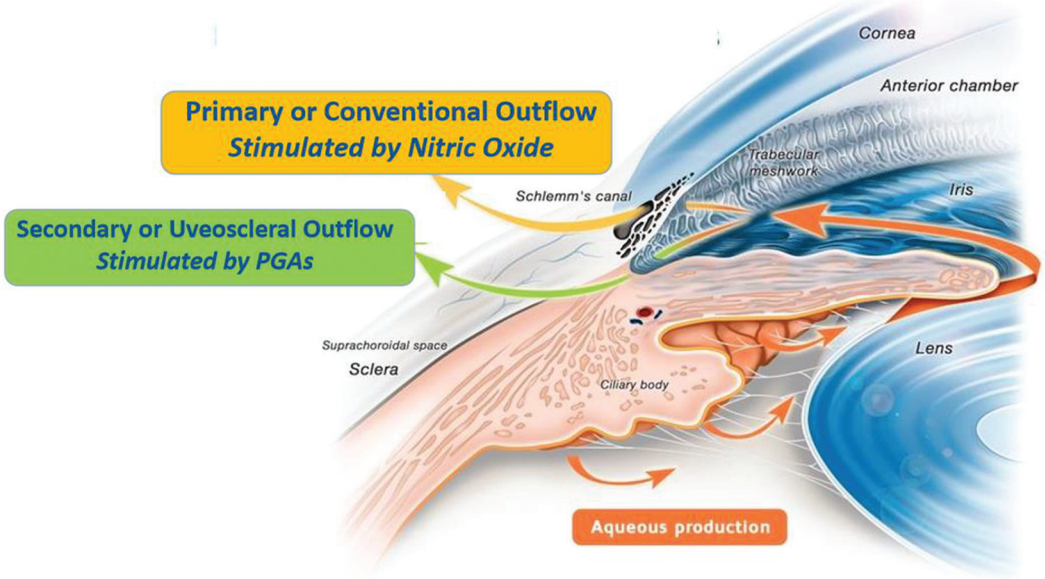
We and Nicox intend to initiate two Phase III multi-regional clinical trials, or MRCTs, of OT-301 (NCX 470), both of which aim to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. In particular, these Phase III clinical trials will aim to demonstrate that NCX 470 is non-inferior and superior to latanoprost ophthalmic solution 0.005%, as well as to demonstrate that it is well-tolerated when administered for a period planned to be up to 12 months. We and Nicox plan to initiate Phase III clinical trials as U.S. Chinese Phase III MRCT in 2020 subject to IND approvals.

Mechanism of Action

OT-301 (NCX 470) is a single molecule designed to activate both the primary and secondary aqueous humor outflows when it separates into: (i) bimatoprost, which converts into bimatoprost acid, the active ingredient in LUMIGAN, which is a PGA approved for the reduction of elevated IOP in open-angle glaucoma or ocular hypertension, and (ii) 6-(nitrooxy)-hexanoic acid that ultimately releases NO. The following diagram illustrates the activation of aqueous humor outflows by OT-301:



Bimatoprost and NO lower IOP by concomitantly activating two independent mechanisms: (i) the uveoscleral outflow, which is primarily stimulated by bimatoprost, and (ii) the trabecular conventional outflow, which is primarily stimulated by NO. The following diagram illustrates the dual mechanism of action of OT-301:



Market Opportunity and Competition

Glaucoma is a group of eye diseases that damage the optic nerve and lead to vision loss and eventually blindness if not treated. According to Frost & Sullivan, glaucoma is currently considered a top ten leading cause of irreversible blindness in China and the prevalence of glaucoma in China reached 19.6 million in 2019, and the rate of blindness is 38.3%. Glaucoma can be primarily divided into two types, open-angle glaucoma and angle-closure glaucoma, based on whether the anterior chamber angle, which is where the majority of ocular fluid outflow, is open or closed. In contrast to angle-closure glaucoma where patients experience obvious symptoms and signs, individuals with open-angle glaucoma rarely experience symptoms. Thus, open-angle glaucoma is poorly diagnosed and generally detected incidentally during comprehensive ophthalmic examination or at a relatively late stage where the risk of irreversible visual loss is high. Frost & Sullivan estimates that 8.6 million adults in China had open-angle glaucoma in 2019 and this number is expected to increase to 11.8 million by 2030.

Open-angle glaucoma is frequently linked to abnormally high IOP due to blockage or malfunction of the eye's aqueous humor drainage system in the front of the eye. Many drugs have been developed and approved for lowering IOP for patients with open-angle glaucoma, although no currently approved therapies directly enhance both the primary and secondary aqueous humor outflows of the eye. Topical PGAs are considered the mainstream treatments due to their efficacy and safety in lowering IOP. Currently available PGA medications in China include PGA monotherapy eye drops and fixed-dose combination PGA eye drops. The PGA monotherapy eye drops are composed of one type of PGA, while the fixed-combination eye drops combine PGAs and other active ingredients in a single dosage form. Fixed-dose combination PGA eye drops usually result in more adverse effects than PGA monotherapy eye drops and have potential teratogenic risks. Under medical guidelines, the PGA monotherapy eye drops are recommended as first-line therapy, the fixed-combination eye drops are only used in patients with progression or who have failed to achieve the target IOP. The following table sets forth competing PGA eye drops approved by the NMPA:

Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per Unit (RMB)
	Brand Name	Manufacturer				
PGA Monotherapy Eye Drops						
Latanoprost	Xalatan®	Pfizer	5	1999	√	53.3
Travoprost	Travatan®	Novartis	1	2004	√	67.3
Bimatoprost	Lumigan®	Allergan	0	2005	√	47.6
Tafluprost	Tapros®	Santen	0	2015	√	29.9
Fixed-dose Combination PGA Eye Drops						
Latanoprost/Timolol Maleate	Xalacom®	Pfizer	1	2008	×	78.1
Bimatoprost/Timolol Maleate	Ganfort®	Allergan	0	2013	×	50.0
Travoprost/Timolol Maleate	DuoTrav®	Novartis	0	2014	×	74.3

Source: Frost & Sullivan Analysis

Advantages

Compared to available competing drugs, we believe that OT-301 has the following advantages:

- Efficacy. PGA monotherapy eye drops are recommended as first-line therapy under medical guidelines in the United States and the EU. Compared to available PGA eye drops, OT-301 employs a dual mechanism of action, which allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect. As a novel second-generation NO-donating bimatoprost analog, OT-301 adds NO-mediated efficacy to bimatoprost, which is marketed under the brand name LUMIGAN and considered the most efficacious PGA among those approved to date according to Frost & Sullivan. In its completed Phase II clinical trial, NCX 470 demonstrated both statistical non-inferiority and superiority over latanoprost (0.005% concentration), the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, with greater IOP reduction from baseline of up to 1.4 mmHg (0.065% concentration).

- Safety. Compared to current fixed-dose combination PGA eye drops, for example, PGA in combination of another molecule such as beta blocker or Rho kinase inhibitor, OT-301 has less side effects. In its completed Phase II clinical trial, NCX 470 was well tolerated when dosed once daily for 28 days in patients with open-angle glaucoma or ocular hypertension. There were no treatment-related SAEs and no evidence of treatment-related systemic side effects reported in the completed Phase II clinical trial.

The following table sets forth a comparison of OT-301 and other PGAs:

	OT-301 (NCX 470)	VYZULTA (Latanoprostene Bunod 0.024%)	Lumigan (Bimatoprost 0.01%)	Travatan Z (Travoprost 0.004%)	XALATAN (Latanoprost 0.005%)	TAPROS (Tafluprost 0.0015%)
Reduction in Mean IOP	7.6-9.8 mmHg	7.0-9.0 mmHg	≤7.5 mmHg	7.0-8.0 mmHg	6.0-8.0 mmHg	6.0-8.0 mmHg
Patient Mean Baseline IOP	26.8 mmHg	26.7 mmHg	23.5 mmHg	25.0-27.0 mmHg	24.0-25.0 mmHg	23.0-26.0 mmHg
Typical Adverse Events (Incidence≥5%)	Conjunctival hyperemia (16.8%)	Conjunctival hyperemia (6%)	Conjunctival hyperemia (25%-45%); ocular pruritus (>10%)	Conjunctival hyperemia (30%-50%); decreased visual acuity, foreign body sensation, pain and pruritus (5%-10%)	Blurred vision, burning and stinging, conjunctival hyperemia, foreign body sensation, increased pigmentation of the iris, punctate epithelial keratopathy (5-15%)	Conjunctival hyperemia (4%-20%); ocular stinging and irritation (7%); allergic conjunctivitis (5%)

Source: Frost & Sullivan Analysis

Note: These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

Summary of Clinical Trial Data

Phase II Clinical Trial (NCX-470-17001) in the United States (Based on Published Nicox 2019 Annual Report)

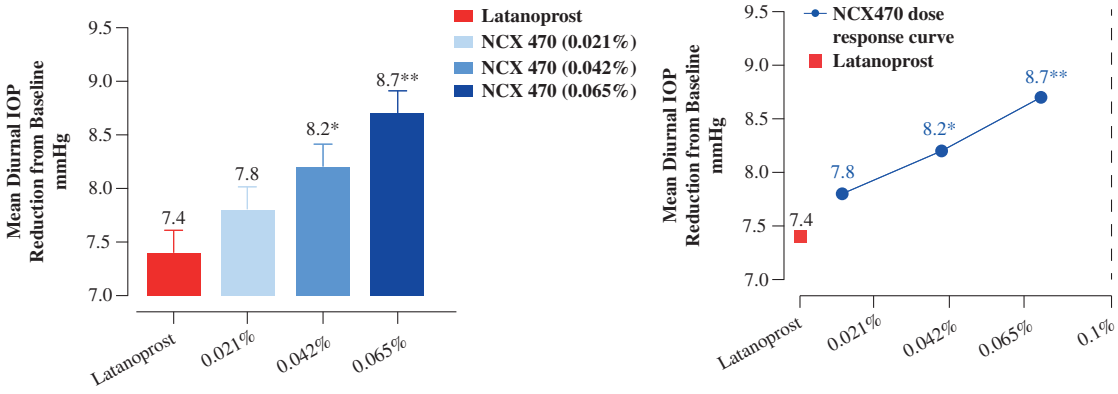
Overview. This Phase II clinical trial was a randomized, double-masked, multi-center, active-controlled, parallel-group, dose-response study to evaluate the efficacy and safety of NCX 470 ophthalmic solution (three doses: 0.021%, 0.042% and 0.065% concentration) compared to latanoprost ophthalmic solution (0.005% concentration) in patients with open-angle glaucoma or ocular hypertension. This trial was sponsored by Nicox.

Trial Design. This clinical trial was a head-to-head comparison of once-daily administration of three different doses of NCX 470 compared to latanoprost, which is the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China. Three different concentrations of NCX 470 ophthalmic solution (0.021%, 0.042% and 0.065%) were compared to latanoprost 0.005% concentration ophthalmic solution. The primary efficacy endpoint of the study was the mean reduction in diurnal, or daytime, IOP after 28-day treatment, while the overall objective was to identify the appropriate dose of NCX 470 to be advanced into Phase III clinical trials. This trial enrolled 433 randomized patients in 25 clinical sites across the United States.

Trial Status. This trial was initiated in August 2018 and was completed in August 2019.

Efficacy Data. The 0.065% concentration of NCX 470 was the most efficacious IOP-lowering dose, while all concentrations of NCX 470 (0.021%, 0.042% and 0.065%) achieved positive results from this Phase II clinical trial by meeting the pre-specified primary end-point of non-inferiority to latanoprost for reduction from baseline in mean diurnal IOP at the 28 day visit. In addition, NCX 470 demonstrated both statistical non-inferiority and superiority over latanoprost (0.005% concentration), with greater IOP reduction from baseline in time-matched IOPs at three time points at the 28 day visit. Mean diurnal IOP reduction from baseline in mean diurnal IOP at day 28 was 7.8 mmHg (from 6.7 to 8.8 mmHg) for the 0.021% dose of NCX 470, 8.2 mmHg (from 7.6 to 8.9 mmHg) for the 0.042% dose of NCX 470, and 8.7 mmHg (from 7.8 to 9.8 mmHg) for the 0.065% dose of NCX 470, compared to 7.4 mmHg (from 6.3 to 8.8 mmHg) for latanoprost. In pre-specified secondary analysis for reduction from baseline in mean diurnal IOP, NCX 470 (0.065%) met the secondary efficacy endpoint of statistical superiority to latanoprost at day 7 and day 14, in addition to day 28. In pre-specified secondary efficacy analyses, the 0.065% dose of NCX 470 demonstrated statistical superiority in IOP lowering as a reduction from baseline at all three time points on day 28 compared with latanoprost, with the difference reaching up to 1.4 mmHg. At day 28, compared with the mean of 7.4 mmHg for the latanoprost group, 44% of patients dosed with NCX 470 (0.065%) had a 1 mmHg or greater mean diurnal IOP reduction from baseline, 37% of patients had a 2 mmHg or greater reduction, 27% had a 3 mmHg or greater reduction, 16% had a 4 mmHg or greater reduction, and 12% had a 5 mmHg or greater reduction. A dose-dependent IOP reduction from baseline in mean diurnal IOP at the 28 day visit showed improved IOP lowering with each incremental concentration of NCX 470 tested, thus setting the stage for potentially further IOP lowering at a higher dose. The following diagrams illustrate that NCX 470 demonstrated a dose-dependent response with mid and top doses with statistical superiority over latanoprost (0.005% concentration) in mean diurnal IOP:

Dose Response in Mean Diurnal IOP
0.021%, 0.042%, 0.065% NCX 470 vs. Latanoprost



Notes:

* p<0.05

** p=0.0009

Source: Data from Nicox.

Safety Data. NCX 470 was well-tolerated when dosed once daily for 28 days in patients with open-angle glaucoma or ocular hypertension. Only three out of the 433 patients in the trial discontinued due to an AE. The majority of adverse events in the clinical trial were mild. The most frequent TEAE was conjunctival hyperemia in 16.8% of patients who were dosed with NCX 470 0.065% compared with 6.5% of patients who were dosed with latanoprost. No subject experienced a treatment-related SAE or fatal AE related to NCX 470 and there is no evidence of treatment-related systemic side effects.

Clinical Development Plan

We and our licensing partner Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020. These two Phase III clinical trials are both aiming to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. In particular, these Phase III clinical trials will aim to demonstrate that NCX 470 of 0.065% or 0.1% concentration is non-inferior and superior to latanoprost ophthalmic solution 0.005%, as well as to demonstrate that it is well-tolerated when administered for a period planned to be up to 12 months. The first Phase III clinical trial, or the Mont Blanc trial, was initiated in the United States first by Nicox in June 2020. The second Phase III clinical trial, or the Denali trial, is expected to be initiated in the second half of 2020. We will jointly manage and equally fund the Denali trial with Nicox and manage trials conducted in clinical sites in China and oversee the US arm of the Denali trial. Subject to IND approvals from the NMPA, we plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration). We may use data from both trials to support our NDA submission in China in the future.

Licensing

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell (or otherwise commercialize) OT-301 in the Greater China region in December 2018 and successfully extended such right to Korea and 12 countries in Southeast Asia pursuant to an amendment entered into in March 2020. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-301 (NCX 470)."

Our R&D Work

We plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020 in conjunction with our licensing partner Nicox, to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. MRCTs represent an advance mode of drug development, as they avoid repetitive clinical trials, reduce the time lag of launch in key markets and improve patient access to new and innovative treatments. MRCTs require globally synchronized clinical development plans, clinical trial designs and study protocols, which needs higher R&D capabilities and efforts compared to ordinary clinical trials.

We will manage and lead the trials conducted in clinical sites in China in the first Phase III MRCT, or the Mont Blanc trial. We will jointly manage and equally fund the second Phase III MRCT, or the Denali trial, with Nicox and manage trials conducted in clinical sites in China and oversee the US arm of the Denali trial. We jointly developed the globally synchronized clinical development plans, clinical trial designs and study protocol that meets the requirements in China and the United States with Nicox. We may use data from both MRCTs to support our NDA submission in China in the future. We have made substantial R&D efforts:

- *IND preparation for the first Phase III MRCT to be initiated in China.*

  - We reviewed medical research literature and conducted detailed analysis of existing product data, glaucoma-related clinical guidelines, product quality standards, key safety and efficacy data from completed clinical trials of NCX 470 in the United States, prospect of clinical development of OT-301 in China and experts' consensus on diagnosis and treatment of primary glaucoma in China. We developed a globally synchronized MRCT clinical development plan and registration strategy with Nicox.

  - We developed a clinical development plan and finished preparation of medical materials required for the IND application, including clinical study information summary, clinical development plan, clinical study overview, statistical analysis plan, investigator brochure, patient consent procedure and risk management plan. During the preparation of the clinical development plan, we and Nicox held a summit meeting to discuss the clinical development plan, clinical and pre-clinical data and registration strategy in China and the United States. To formulate a clinical development plan and clinical trial design that meet the ethical requirements, clinical practice and regulatory and registration requirements in China and the United States, we organized multiple rounds of communications with the CDE and participated in fortnightly research meetings with Nicox. Nicox initiated the Mont Blanc trial in the United States in June 2020. We plan to submit an IND application to initiate the first Phase III MRCT of OT-301 in China in the third quarter of 2020.

- *Pre-IND preparation for the second Phase III MRCT to be initiated in China.* We finished preparation of medical materials required for the pre-IND meeting application, including summary of clinical development plan, consultation meeting application, clinical study overview and investigator brochure. Same as our IND preparation for the first Phase III MRCT in China, we organized communications with the CDE and participated in meetings with Nicox, in order to formulate a clinical development plan and clinical trial design that meet the ethical requirements, clinical practice and regulatory and registration requirements in China and the United States. We filed a pre-IND consultation application in April 2020. We plan to submit an IND application to initiate the second Phase III MRCT of OT-301 in China in the third quarter of 2020.

- *Clinical trial preparation.* We conducted a broad range of clinical trial preparation activities. We have selected a leading principal investigator and in the process of selecting other principal investigators and clinical sites. We are in the process of vetting and selecting third-party service providers that we may need for our clinical trials, such as CROs, site management organizations and drug suppliers for relabeling and repackaging clinical samples from Nicox. We plan to engage top-ranking vendors with MRCT experience to assist us in executing our Phase III MRCTs. In addition, in order to ensure consistency in trial operation and understanding of evaluation and assessment standard of safety and efficacy data, we plan to organize training sessions to potential investigators in China, covering clinical trial design, clinical development plan, standard operating procedures and trial recording protocol.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-301 SUCCESSFULLY.

OT-1001 (ZERVIATE)

OT-1001 (ZERVIATE) is an antihistamine cetirizine eye drop for the treatment of ocular itching associated with allergic conjunctivitis. ZERVIATE is a novel formulation of cetirizine approved by the FDA for the first time for topical application to the eye and the only marketed cetirizine eye drop globally, according to Frost & Sullivan. Cetirizine has a well-characterized systemic efficacy and favorable safety profile with worldwide exposure as the best-selling antihistamine resulting from 20 years of oral use, according to Frost & Sullivan. Benefiting from the favorable safety profile, ZERVIATE is developed as the only ophthalmic drug in China that is safe for adults as well as children aged two years and older.

Our licensing partner, Nicox, received NDA approval from the FDA in May 2017 for ZERVIATE (cetirizine ophthalmic solution at 0.24% concentration) for the treatment of ocular itching associated with allergic conjunctivitis in patients two years of age and older in the United States.

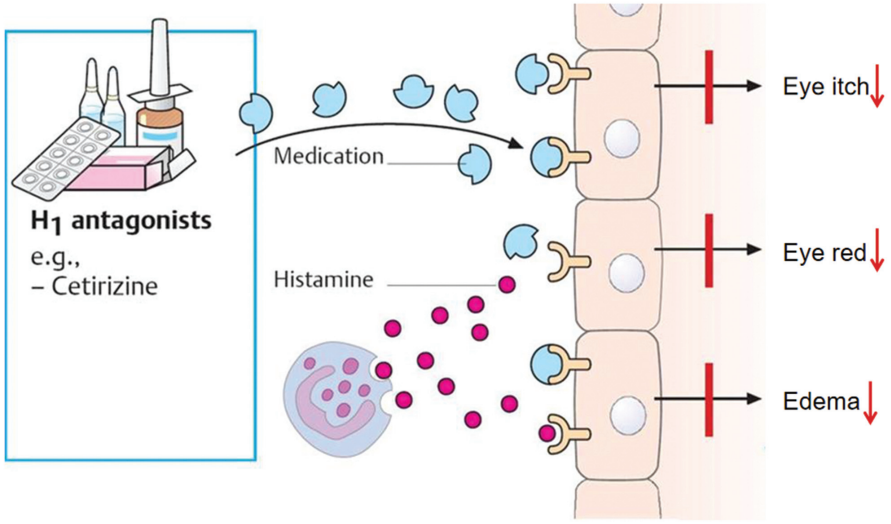
We are evaluating OT-1001 for the same indication in China and plan to conduct confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval.

Mechanism of Action

ZERVIATE, an antihistamine, is a potent and highly selective histamine-1, or H1, receptor antagonist with anti-allergic properties. Its effects are mediated via selective inhibition of H1 receptors. Cetirizine is the second generation of antihistamines that combines to histamine receptor to reduce swelling, itching and vasodilation with better safety and efficacy. The allergic reaction occurs in two distinct phases. The first phase, sensitization, occurs when allergen is processed by antigen-presenting cells, which enables B-cell proliferation and differentiation through Th2 cell activation and interleukin-4 cytokine release.

Immunoglobulin E (IgE) antibodies secreted from plasma cells bind to mast cells, sensitizing those mast cells to future exposure to allergen. The second phase of the allergic response occurs with the penetration of allergen into the conjunctival epithelium, binding to mast cell bound IgE, causing degranulation and release of preformed inflammatory mediators including histamine and various pro-inflammatory mediators including prostaglandins, leukotrienes, cytokines and interleukins.

Histamine contributes chiefly to the acute signs and symptoms of the allergic reaction (itching, hyperemia, tearing) by binding to H1 receptors on neurons. The selective inhibition of H1 receptors by cetirizine reduces these acute signs and symptoms. The following diagram illustrates the mechanism of action of OT-1001:



Market Opportunity and Competition

Allergic conjunctivitis occurs when an allergic reaction causes conjunctivitis. Allergic reaction appears due to exposure to environmental allergens, such as animal dander, grass and weed pollens, dust mites and mold. Conjunctivitis is an inflammation of the thin layer of tissue that lines the white surface of the eye and the inner surface of the eyelids. It is a common eye disease, especially in children, and may affect one or both eyes. Seasonal allergic conjunctivitis is the most common allergic disease affecting the eye, with prevalence of approximately 15% to 20% of the population worldwide. The principal symptom of seasonal allergic conjunctivitis is ocular itching. Other signs and symptoms may include eye redness, excessive watering, itchy burning eyes, discharge, blurred vision and increased sensitivity to light. According to Frost & Sullivan, approximately 250.9 million people suffered from allergic conjunctivitis in China in 2019, with a CAGR of 5.1% from 2015. Frost & Sullivan further estimates that the allergic conjunctivitis patients will reach 308.6 million and 375.9 million in China in 2024 and 2030, respectively.

Currently, mainstream primary therapies of allergic conjunctivitis involve the use of anti-allergic therapeutic agents such as antihistamine, mast cell stabilizers and multiple-action anti-allergic agents. Most primary therapies are topical use eye drops. Compared to mast cell stabilizers, antihistamines has much faster onset time. Cetirizine has a well-characterized systemic efficacy and favorable safety profile with worldwide exposure as the best-selling antihistamine resulting from 20 years of oral use. The ophthalmic anti-allergic drug market in China totaled approximately RMB1.1 billion in 2019, according to Frost & Sullivan. The following table sets forth the comparison of marketed primary therapy eye drops for allergic conjunctivitis in China.

Category	Generic Name	Brand Name	Dosage	NRDL Inclusion	Itching Score Change (3 min post-CAC, placebo baseline)	Age Group	Onset time	Duration time
Antihistamines	Emedastine	埃美丁/ Emadine	1 drop each affected eye up to 4 times daily	√	-1.3	≥3 years old	30 minutes	4 to 8 hours
Mast cell stabilizers	Pemirolast	研立雙/ Alegysal	1 or 2 drops in each affected eye 4 times daily	x	-1.3	≥3 years old	N.A	N.A.
	Cromoglycate	N.A	1 drop each affected eye 4 to 6 times daily	√	N.A	≥4 years old	2 to 3 days	N.A.
Double effect agents	Ketotifen	貝卡明/ Beikamin	1 drop every 8 to 12 hours	√	-1.43	≥3 years old	15 minutes	8 to 12 hours
	Olopatadine	帕坦洛/ Patanol	1 drop in each eye twice daily at an interval of 6 to 8 hours	√	-1.43	≥3 years old	<30 minutes	8 hours
	Azelastine	愛賽平/ AZEP	1 drop each affected eye twice daily	√	-0.85	≥4 years old	3 minutes	8 hours

Source: Frost & Sullivan literature review and analysis

Notes:

1. Onset time is the duration of time it takes for a drug's effects to come to prominence upon administration.

2. Duration time is the length of time that particular drug is effective.

3. These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

Allergic conjunctivitis is high incidence eye disease which seriously endangering the quality of life and health, especially for patients aged three and younger. A cohort study confirmed that children with allergic conjunctivitis had a higher incidence and subsequent risk of myopia compared to those without allergic conjunctivitis (*EBioMedicine 28 (2018): 274-286*). OT-1001's safety and effectiveness have been established in pediatric patients aged two years and older. We believe OT-1001 has the potential to be first-in-class topical ocular formulation for the treatment of ocular itching associated with allergic conjunctivitis with a wider patient coverage compared to currently marketed therapies.

Advantages

OT-1001 is a novel formulation of cetirizine developed and approved for the first time for topical application to the eye. It is also the only marketed cetirizine eye drop globally, the only cetirizine eye drop under development in China and the only antihistamine product that can be used to treat children aged two years and older. Compared to emedastine, the other second generation antihistamine, cetirizine has a wider patient coverage, shorter onset time, longer duration time as well as less dosing frequency, according to Frost & Sullivan. The following table sets forth comparison of marketed antihistamine eye drops.

Item	Cetirizine	Emedastine
Approval Status	FDA (2017)	FDA (1997), NMPA (2002)
Patients age	≥2 years	≥3 years
Dosage	Twice daily	Up to 4 times daily
Onset time	15 minutes	30 minutes
Duration time	8 hours	4-8 hours
Adverse events	Ocular hyperemia Instillation site pain Visual acuity reduced	Headache Hyperemia Abnormal dreams, etc.
AE Rate	1% to 7%	Up to 11%

Source: Frost & Sullivan Analysis

Summary of Clinical Trial Data (data presented below are based on FDA approved label and clinical reviews of NDA submission in the United States)

Seven clinical trials evaluating several formulations of cetirizine ophthalmic solution of 0.24% were conducted. The following table sets forth a summary of the seven clinical trials:

Type of Study	Study ID	Dosage Regimen	Test Product(s); Number of subjects	Healthy Subjects or Diagnosis of Patients	Duration of Treatment
Efficacy and Safety	11-100-0004	Once a day	Cetirizine 0.05% = 25 0.10% = 26 0.24% = 25 Vehicle = 25	History of allergic conjunctivitis	Six weeks
Efficacy and Safety	11-100-0012	Day 0 and Day 14	Cetirizine 0.24% = 46 Vehicle = 45	Positive history of ocular allergies	Approximately five weeks

Type of Study	Study ID	Dosage Regimen	Test Product(s); Number of subjects	Healthy Subjects or Diagnosis of Patients	Duration of Treatment
Safety and Comfort	11-100-0013	Single dose	Formulation 1: Cetirizine 0.17% = 16 0.24% = 15 Formulation 2: Cetirizine 0.24% = 15 Pataday® = 14	Best corrected visual acuity of 0.7 logMAR or better in each eye	One day
Efficacy and Safety	12-100-0006	Day 0 and Day 14	Cetirizine 0.24% = 50 Vehicle = 50	Positive history of ocular allergy	Approximately five weeks
Efficacy and Safety	13-100-0002	Day 0 and Day 14	Cetirizine 0.24% = 51 Vehicle = 50	Positive history of ocular allergy	Approximately five weeks
Safety	14-100-0006	Twice-daily dosing	Cetirizine 0.24% = 341 Vehicle = 171	Healthy adult and pediatric subject (2 years of age and older) with a history of atopic disease (including allergic conjunctivitis)	Approximately six weeks
Pharmacokinetic and Safety	14-100-0007	Twice-daily dosing	Cetirizine 0.24% = 11	Healthy adult	Screening and one week bid dosing

Efficacy Data

Various formulations and concentrations of cetirizine were tested during the clinical trials and a final formulation at a concentration of 0.24% was selected because of its favorable balance of efficacy and comfort. The efficacy of ZERVIATE was established in three Phase III trials (two multi-center clinical trials 11-100-0012 and 13-100-0002 and one single-center clinical trial 12-100-0006) that were randomized, double-masked, placebo-controlled clinical trials in patients with a history of allergic conjunctivitis, using the Conjunctival Allergan Challenge, or CAC, a model to evaluate ocular symptoms of allergic conjunctivitis. Patients were evaluated with an ocular itching severity score ranging from 0 (no itching) to 4 (incapacitating itch) at several time points after CAC administration. These three clinical trials were almost identical in design except for the timing of duration-of-action evaluation. ZERVIATE demonstrated statistically and clinically significantly less ocular itching compared to all vehicle groups at 15 minutes and 8 hours after treatment. The safety and effectiveness of ZERVIATE has been established in pediatric patients, including those between two and three years of age, in clinical trial 14-100-0006.

The following table sets forth the mean ocular itching severity scores after ocular administration of an antigen using the CAC model in ITT population:

Study ID	Treatment Arm	No. Enrolled/ Completed	CAC (time post-instillation)	Mean Score (SD) Time post-CAC 3 min	5 min	7 min	Treatment difference (95% CI)[1] Time post-CAC 3 min	5 min	7 min
11-100-0012	Cetirizine 0.24%	46/44	15 min	0.71	1.01	1.00	-1.47	-1.31	-1.10
	Vehicle	45/45		2.18	2.31	2.10	(-1.82, -1.12)*	(-1.66, -0.95)*	(-1.48, -0.72)*
	Cetirizine 0.24%	46/44	16 hours	1.71	1.88	1.76	-0.64	-0.62	-0.46
	Vehicle	45/45		2.34	2.50	2.22	(-0.95, -0.33)*	(-0.95, -0.29)*	(-0.84, -0.08)*
12-100-0006	Cetirizine 0.24%	50/49	15 min	1.00	1.18	1.11	-1.38	-1.25	-1.00
	Vehicle	50/47		2.38	2.43	2.11	(-1.72, -1.05)*	(-1.58, -0.91)*	(-1.35, -0.65)*
	Cetirizine 0.24%	50/49	8 hours	1.76	1.85	1.54	-0.93	-0.89	-0.99
	Vehicle	50/47		2.69	2.74	2.53	(-1.26, -0.61)*	(-1.24, -0.54)*	(-1.40, -0.59)*
13-100-0002	Cetirizine 0.24%	51/43	15 min	1.01	1.17	1.15	-1.53	-1.34	-1.07
	Vehicle	50/44		2.54	2.51	2.23	(-1.92, -1.15)*	(-1.71, -0.97)*	(-1.46, -0.69)*
	Cetirizine 0.24%	51/43	8 hours	1.94	2.03	2.94	-0.92	-0.90	-0.84
	Vehicle	50/44		2.86	1.82	2.66	(-1.25, -0.58)*	(-1.23, -0.57)*	(-1.21, -0.48)*

Note:

1 Treatment difference values shown are the group mean active minus the group mean vehicle at each post-CAC time point.

Safety Data

The safety profile of cetirizine ophthalmic solution of 0.24% concentration was similar across studies. In seven clinical trials, patients with allergic conjunctivitis or those at risk of developing allergic conjunctivitis received one drop of either cetirizine or vehicle in one or both eyes. The most commonly reported adverse reactions were ocular hyperemia, instillation site pain and reduction in visual acuity.

In seven clinical trials, a total of 92 adverse events were reported out of the 880 randomized subjects, of which 69 were ocular adverse events. No deaths occurred in any of the studies. In Phase III clinical trial 14-100-0006, long-term safety data on the use of cetirizine ophthalmic solution of 0.24% concentration in pediatric patients of two years of age and older with a history of atopic disease (including allergic conjunctivitis) were evaluated. Cetirizine ophthalmic solution of 0.24% concentration was proved to be safe and well-tolerated in subjects two years of age and older.

Clinical Development Plan

We plan to conduct a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval. We plan to obtain ethics committee approval of the first clinical site in the second half of 2020. We expect that OT-1001 may qualify for special expedited review and approval program in China by leveraging ZERVIATE's FDA data since it has already been approved by the FDA.

Licensing

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell (or otherwise commercialize) ZERVIATE in the Greater China region in March 2019 and extended our exclusive rights to 11 countries in Southeast Asia in March 2020. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-1001 (ZERVIATE)."

Our R&D Work

We have made substantial R&D efforts to prepare for the confirmatory Phase III clinical trial for OT-1001 to be initiated in China:

- *IND preparation.*

  - We reviewed medical research literature and conducted detailed analysis of existing product data, allergic conjunctivitis-related clinical guidelines and product quality standards to support our IND application for OT-1001 in China. Our medical and clinical development department conducted research on drug development trends of allergic conjunctivitis and reviewed related medical literature to evaluate the potential unmet medical needs of OT-1001 for allergic conjunctivitis patients in China, the innovation and clinical advantages of OT-1001 and the prospect of a clinical development of OT-1001 in China. We filed an application to the CDE to list OT-1001 (ZERVIATE) as an urgently needed clinical drug.

  - To provide sufficient clinical evidence for future NDA approval of OT-1001 in China, we evaluated current therapies for treatments of allergic conjunctivitis, demographic data of Chinese population with allergic conjunctivitis and efficacy and safety profiles of marketed drugs for allergic conjunctivitis. Based on the symptoms and clinical characteristics of the Chinese patient population, in order to satisfy ethical, compliance and practical considerations and registration requirements in China, we analyzed different clinical pathways and decided to conduct a confirmatory Phase III clinical trial for OT-1001 in China. This confirmatory Phase III clinical trial is expected to be the key research supporting the marketing of OT-1001. We believe the sufficient, well-designed and controlled study design of this confirmatory clinical trial will enable us to obtain conclusive clinical evidence and to conduct a high-standard clinical trial with a favorable risk-benefit ratio.

- We invited leading experts in China to attend discussions on trial design and details of clinical trial protocol, including inclusion criteria and exclusion criteria, AE and SAE defined by regimen, analysis of subjects, control criteria and treatment measures for allergic conjunctivitis and setting of ophthalmic examinations during the study. We organized multiple rounds of technical consultations with the CDE and participated in fortnightly regulatory CMC meetings and clinical meetings with Nicox. As a result of our proactive communications with the CDE, the CDE agreed with our clinical trial design and clinical development plan of the confirmatory Phase III clinical trial for OT-1001 in China.

- In addition, we developed a clinical development plan and a clinical protocol matching the characteristics of the onset of allergic conjunctivitis among the Chinese population and clinical practices in China. We finished preparation of medical materials required for the IND application, including clinical study information summary, clinical development plan, clinical study overview, statistical management plan, statistical analysis plan, data management plan, investigator brochure, patient consent procedure, clinical risk management plan and medical literature review. Based on technical consultations with the CDE, we optimized our clinical trial design and clinical development plan in China to in line with current clinical practices in China. We filed a pre-IND consultation application to CDE in April 2020.

- *Clinical trial preparation.* We conducted a broad range of clinical trial preparation activities. We selected an insurance vendor for our clinical trial. We are in the process of screening and selecting third-party service providers that we may need for our clinical trial, such as CROs, site management organizations and drug suppliers for relabeling and repackaging clinical samples from Nicox. We will only consider top-ranking vendors with proven abilities to execute our clinical development plan in an efficient and high-quality manner. Our regulatory affairs and research team formulated a clinical sample supply plan and worked with Nicox on relevant matters including selection of manufacturing plants, selection of packaging materials and formulation of quality standards for clinical samples. We have selected a leading principal investigator and other 14 principal investigators in 15 GCP certified clinical centers. We are also conducting feasibility studies for these candidate hospitals to evaluate their suitability as potential clinical sites of our clinical trial. We plan to organize training sessions, including protocol trainings and indication trainings, to potential investigators and CROs.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-1001 SUCCESSFULLY.

Near Clinical-Stage Drug Candidates

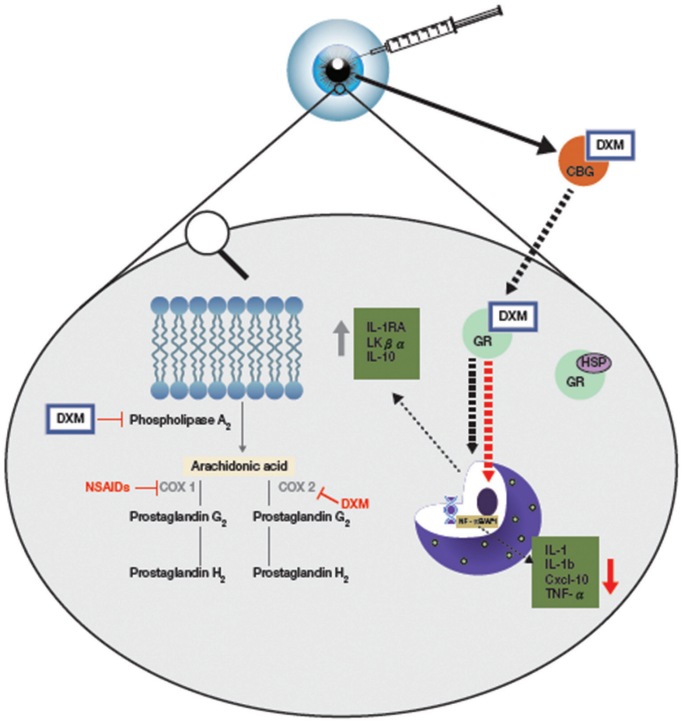
OT-502 (DEXYCU®)

OT-502 (DEXYCU®) is a single-dose, sustained-release solution of dexamethasone, a corticosteroid, for the treatment of postoperative inflammation. To date, DEXYCU® is the first and only FDA-approved, single-dose, sustained-release intracameral steroid for the treatment of postoperative inflammation. Icon Biosciences, Inc., or Icon, which was acquired by our licensing partner EyePoint, received NDA approval from the FDA in February 2018 for DEXYCU (dexamethasone intraocular suspension) 9% for the treatment of postoperative inflammation in the United States. Icon has licensed the patents and a patent application relating to DEXYCU to EyePoint, and EyePoint has sublicensed such patents and patent application to us. See "—Intellectual Property." DEXYCU was launched in the United States in March 2019. We are developing OT-502 as a potential first-in-class treatment for postoperative inflammation associated with cataract surgery in China. We plan to discuss with the NMPA to conduct a bridging Phase III trial for OT-502, which is expected to commence in the second quarter of 2021, to support our NDA submission in China.

Mechanism of Action

OT-502 is a 0.005 mL 9% dexamethasone intraocular suspension administered as a single dose directly into the surgical site at the end of ocular surgery. It dispenses a biodegradable sustained-release formulation of dexamethasone in the posterior chamber directly behind the iris at the end of ocular surgery.

Dexamethasone is a corticosteroid, which has been shown to suppress inflammation by inhibiting multiple inflammatory cytokines resulting in decreased edema, fibrin deposition, capillary leakage and migration of inflammatory cells. The following diagram illustrates the mechanism of action of dexamethasone in the treatment of postoperative inflammation:



Utilizing the drug delivery platform Verisome®, OT-502 provides a steady release of dexamethasone for up to 22 days post-injection to suppress postoperative inflammation. With a single injection, anti-inflammatory efficacy begins as early as day 1 and continues through day 30. The solution of dexamethasone is injected into the ocular chamber via a small gauge cannula. When the drug is injected into the ocular chamber, it coalesces into a single spherical dose that settles behind the iris in the inferior portion of the posterior chamber. Shrinkage of the sphere over time reflects the release of the active agent. When the sphere is no longer visible, the entire drug has been released, and no inactive ingredient remains in the eye. Administered as a single injection at the end of surgery, OT-502 benefits patients by eliminating non-compliance and dosing errors associated with the current practice of dispensing multiple daily self-administered eye drops. This mode of delivery also enables an ophthalmologist to easily assess the status of therapy by observing the drug-containing system within the eye.

Market Opportunity and Competition

According to Frost & Sullivan, approximately 4.3 million cataract surgeries were performed in 2019 in China, and a large number of Chinese patients have risk to develop postoperative inflammation as a result of cataract surgery. The current standard of care in

China for treating postoperative inflammation is primarily a combination of steroid, antibiotic and non-steroidal eye drops. The steroid eye drop is a complicated treatment regimen, requiring up to 70 eye drops over three to four weeks on a tapered dosing schedule. Further, cataract surgery patients are often elderly and can have compromised cognitive function, osteoarthritis in their hands and poor eyesight due to the cataract surgery. These complexities can lead to poor compliance due to failing to administer eye drops according to the prescribed schedule, or administering an eye drop but failing to have it go into the eye, and/or not finishing the treatment regimen. The following table sets forth a comparison of corticosteroid eye drops marketed in China:

Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion
	Brand Name	Manufacturer			
Corticosteroid Eye Drops					
Dexamethasone sodium phosphate	N.A.	Wuha Wujing Medicine	13	1982	√
Fluorometholone	FML®	Allergan	2	1999	√
Prednisolone	PredForte®	Allergan	0	2003	√

Source: NMPA, Frost & Sullivan Analysis

Advantages

We believe OT-502 may significantly reduce inconvenience and non-compliance caused by the complicated treatment regimen currently available. Administered as a single injection at the conclusion of surgery, OT-502 benefits patients by eliminating non-compliance and dosing errors associated with the current practice of dispensing multiple daily self-administered eye drops. This mode of delivery also enables an ophthalmologist to easily assess the status of therapy by observing the drug-containing system within the eye.

Summary of Clinical Trial Data (data presented below are primarily based on FDA-approved label)

DEXYCU's NDA approval from the FDA for was primarily based on the efficacy and safety data obtained from the following Phase III clinical trial:

Phase III Clinical Trial (NCT02006888) in the United States

Overview. NCT02006888, conducted by Icon, was a double-masked randomized Phase III clinical trial of 394 patients. This trial aimed to evaluate the safety and efficacy of 9% dexamethasone intraocular suspension in treating postoperative ocular inflammation.

Trial Design. In this clinical trial, patients received an intraocular dose of 342 mcg (0.003 mL) (n=158) or 517 mcg (0.005 mL) (n=156) of DEXYCU or placebo (n=80) administered by a physician at the end of cataract surgery. The primary efficacy endpoint in the clinical trial was anterior chamber cell clearing (ACC=0) in the study eye on the eighth day following surgery.

Trial Status. This trial was initiated in January 2014 and completed in October 2014.

Efficacy Data. The percentage of patients meeting the primary efficacy endpoint was 20% in the placebo group, while 57% and 60% met the primary efficacy endpoint in the 342 mcg and 517 mcg treatment groups, respectively. In addition, the percentage of patients receiving rescue medication of ocular steroid or a nonsteroidal anti-inflammatory drug was significantly lower at day one, three, eight, 15 and 30 in the 342 mcg and 517 mcg treatment groups versus placebo. The following table sets forth proportion of subjects with clearing of the anterior chamber cells by visit:

	Treatments			Difference and 97.5% CI	
Visits	Placebo N=80	DEX342 N=158	DEX517 N=156	DEX342 vs Placebo	DEX517 vs Placebo
Day 1	7 (9%)	17(11%)	24(15%)	2% (-7%,11%)	7% (-3%,16%)
Day 3	13(16%)	60(38%)	44(28%)	22% (9%,34%)	12% (0%,24%)
Day 8	16(20%)	90(57%)	94(60%)	37%(24%,50%)	40%(27%,54%)
Day 15	21(26%)	83(52%)	91(58%)	26%(12%,40%)	32%(18%,46%)
Day 30	28(35%)	113(72%)	103(66%)	36%(22%,51%)	31%(16%,46%)

Note: Subjects who received rescue medication were treated as failure.

The following table sets forth proportion of subjects receiving rescue medications:

	Number (Percent) of Patients Receiving Rescue Medication, and 95% CI		
Visits	Placebo N=80	DEX342 N=158	DEX517 N=156
Day 1	10 (13%); 6%, 22%	9 (6%); 3%, 10%	10 (6%); 3%, 12%
Day 3	30 (38%); 27%, 49%	9 (6%); 3%, 10%	16 (10%); 6%, 16%
Day 8	40 (50%); 39%, 61%	12 (8%); 4%, 13%	16 (10%); 6%, 16%
Day 15	43 (54%); 42%, 65%	22 (14%); 9%, 20%	26 (17%); 11%, 24%
Day 30	43 (54%); 42%, 65%	25 (16%); 10%, 22%	31 (20%); 14%, 27%

Note: Subjects who received an ocular corticosteroid or nonsteroidal anti-inflammatory drugs in study eye.

Safety Data. The percentage of patients who reported at least one AE in the study eye or both eyes was 63.8% in the placebo group, while the percentage in the 342 mcg and 517 mcg treatment groups was 50% and 46.2%, respectively. Only one SAE (corneal decomposition) was reported in the 342 mcg treatment group. The most frequently reported AEs in both treatment groups were increased IOP, eye pain, dry eye and corneal edema. The following table summarizes major AEs in the trial:

		Treatments	
	Placebo	**DEX342**	**DEX517**
Adverse Event	**N=80**	**N=158**	**N=156**
At least on AE in study eye or both eyes	51 (63.8%)	79 (50.0%)	72 (46.2%)
At least one Serious AE	0 (0.0%)	1 (0.6%)	0 (0.0%)
Intraocular pressure increased	7 (8.8%)	18 (11.4%)	21 (13.5%)
Eye pain	7 (8.8%)	16 (10.1%)	4 (2.6%)
Dry eye	0 (0.0%)	12 (7.6%)	6 (3.8%)
Corneal edema	8 (10.0%)	10 (6.3%)	12 (7.7%)

Clinical Development Plan and Our R&D Work

We have made substantial R&D efforts on further developing OT-502:

- *Research and pre-IND meeting application.* Our medical and clinical department conducted an extensive review of medical research literature on existing therapies for the treatment of postoperative inflammation, and assessed OT-502's comparative advantages in the Chinese market. We also studied the development and registration progress of similarly in-licensed drugs, and formulated the development and registration plan for OT-502. We believe that we may be able to leverage the FDA data from EyePoint to support our NDA submission.

  By April 2020, we had completed a wide range of preparatory work corresponding to the development and registration plan. For example, we conducted a feasibility study for clinical trials in China and designed a bridging Phase III clinical trial. We also prepared the investigator brochure, risk management plan and data management plan. We submitted a pre-IND meeting application to the CDE in May 2020. Our regulatory affair team may further arrange communications with CDE regarding Phase III bridging clinical trial and communications with CMDE regarding document and test requirements for medical device (as OT-502 may be packaged with an injection device).

- *Design of the bridging Phase III clinical trial.* We plan to commence the bridging Phase III clinical trial in the second quarter of 2021 to support our NDA submission in China. The Phase III trial aims to evaluate the efficacy and safety of OT-502 for the treatment of postoperative inflammation, and is expected to be a double-masked, randomized, parallel and multi-center trial. We plan to enroll over 280 subjects and randomized them in an approximately 2:1 ratio between the treatment group and placebo group. We and EyePoint formed a joint steering committee, led by CMOs and heads of the regulatory affairs department from both companies, to facilitate the implementation of the clinical trial plan.

- *Real-world study under the Boao Pilot Program.* Similar to OT-401, we plan to enroll patients in Hainan in a real-world study under the Boao Pilot Program to use OT-502 upon approval from the competent authorities. Our medical and clinical department analyzed the feasibility for the real-world study, and prepared a research proposal, development plan and feasibility study report for the application for conducting the real-world study in Boao. We target to enroll the first patient under the Boao Pilot Program in December 2020. We believe that the real-world data to be obtained under the Boao Pilot Program could be leveraged to facilitate our clinical development and to support our NDA application. Subject to relevance and reliability test, the real-world data may be used to form real-world evidence which may be used as a basis for consideration in the NDA approval in the PRC. The reliability test refers to the evaluation of the following four aspects of the real-world data, namely, the completeness, accuracy, transparency and quality guarantee of the "real-world data". In this regard, the real-world data to be collected under the Boao Pilot Program for OT-502 must satisfy the evaluation of completeness, accuracy, transparency and quality guarantee of the relevant real-world data, to be formed as real-world evidence which may be admitted as a basis for consideration in the NDA approval in the PRC. We do not expect the revenue to be derived under the Boao Pilot Program to be significant, because Boao Pilot Program is a pilot program to import drugs not yet approved in China for urgent medical needs, and therefore the number of enrolled patients is expected to be limited.

Licensing

We obtained an exclusive license from EyePoint to import, test, use, sell, develop and commercialize OT-502 in the Greater China region in January 2020. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of DEXYCU." Icon has licensed the patents and a patent application relating to DEXYCU to EyePoint, and EyePoint has sublicensed such patents and patent application to us. See "—Intellectual Property."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-502 SUCCESSFULLY.

OT-202

OT-202 is an innovative eye drop developed internally for the treatment of dry eye. It innovatively targets tyrosine kinases, which couples immune cell receptors to intracellular signaling pathways that lead to the initiation of inflammatory responses. OT-202 inhibits the activity of tyrosine kinases, thereby controlling the eye inflammations and relieving dry eye symptoms. We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021.

Mechanism of Action

Various studies indicate that both tear film hyperosmolarity and ocular surface inflammation play pivotal roles in the initiation and progression of dry eye. The core mechanism of dry eye mainly begins with the low lacrimal flow or high evaporation driven by many factors and diseases, which results in the state of tear hyperosmolarity. Such hyperosmolarity causes damage to the surface epithelium by activating a cascade of inflammatory events at the ocular surface and releasing inflammatory mediators into the tears. Epithelial damage involves cell death by apoptosis, a loss of goblet cells, and disturbance of mucin expression, leading to tear film instability. This instability exacerbates ocular surface hyperosmolarity and completes the vicious spiral of the dry eye mechanism. The crux of the treatment is to break down the vicious inflammatory spiral. Tyrosine kinases are key mediators to cytokine production and ocular surface stress. As a result, inhibitors of tyrosine kinases are expected to reduce inflammation in dry eye.

Market Opportunity and Competition

Dry eye is an ocular surface multifactorial disease, which is an inflammatory reaction caused by changes in the ocular surface epithelia related to reduced tear quantity and ocular surface sensitivity. Managing eye inflammation has been proven helpful to patients with dry eye.

Dry eye has become a common eye condition in modern society. Due to increased use of electronic devices, the number of dry eye patients is expected to grow continuously. According to Frost & Sullivan, the number of dry eye patients in China grew to 234.9 million in 2019 from 210.7 million in 2015, representing a CAGR of 2.7%. It is estimated that the number of patients may reach 256.2 million and 272.8 million in 2024 and 2030, respectively.

There are a few types of drugs to treat dry eye, which we intend to cover broadly. OTC artificial tears are commonly used, which cannot cure the disease but can relieve symptoms. We believe our Ou Qin will be a competitive new product in this category in China. See "—Commercial-Stage and Near Commercial-Stage Assets—Ou Qin (0.3% Hyaluronic Acid)." For more severe dry eye disease, prescription eye drops containing anti-inflammatory

corticosteroids or immune-modulating drug ingredients such as cyclosporine are used. Our OT-503 and OT-1301 are based on such mechanisms of action, respectively, and we may consider extending their indications to include dry eye in the future. See "—OT-503 (NCX 4251)" and "—Other Preclinical-Stage Drug Candidates—OT-1301." Finally, there are novel therapeutics that seek to reduce inflammation through new pathways. OT-202 is such an innovative drug which targets to inhibit the activity of tyrosine kinases, an enzyme contributing to the initiation of eye inflammations. According to Frost & Sullivan, there was no competing drug of OT-202 as of the Latest Practicable Date. We expect that OT-202 will create synergy with Ou Qin.

Clinical Development Plan and our R&D Work

We engaged WuXi AppTec Co., Ltd., a China-based global pharmaceutical company, to conduct preclinical research for OT-202. We formulated the development plan of OT-202, and closely monitored and supervised our CRO in the implementation and execution of the tasks designated to them.

In particular, we synthesized and selected chemical compounds that may be suitable tyrosine kinases inhibitors. We completed over 60 experiments for selecting the optimal crystal form and over 20 experiments for selecting the optimal molecule form. For the selected chemical compounds, we analyzed their chemical characteristics, pharmacological characteristics and stability.

Additionally, we performed several experiments for formulation screening, and selected several emulsions and suspensions for further development. We manufactured drug samples to evaluate the selected chemical compounds' suitability for mass production. We also conducted several preclinical animal tests to preliminarily evaluate the safety and efficacy of the selected chemical compounds.

We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-202 SUCCESSFULLY.

OT-503 (NCX 4251)

OT-503, an ophthalmic suspension of fluticasone propionate nanocrystals, is an innovative targeted topical treatment for acute exacerbations of blepharitis. Our licensing partner Nicox had completed a Phase II trial in the United States in December 2019. We plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China.

Mechanism of Action

Blepharitis is one of the most common eye diseases characterized by eyelid inflammation, which is usually caused by bacteria, demodex, scalp dandruff or problems with certain eyelid oil glands. OT-503 is a sterile preserved topical ocular suspension of fluticasone propionate nanocrystals. Fluticasone propionate is a highly potent, selective and lipophilic corticosteroid with high affinity for the glucocorticoid receptor. Corticosteroids are thought to act by the induction of certain types of inhibitory proteins which control the biosynthesis of important mediators of inflammation, such as prostaglandins and leukotrienes, by inhibiting the release of their common precursor, arachidonic acid. OT-503 is directly applied to inflamed area of the eyelid margin by an eyelid applicator.

Market Opportunity and Competition

Blepharitis is recognized to have a significant impact on ocular comfort and quality of life. Symptoms of blepharitis including burning, itchiness, gritty feeling in the eyes, contact lens intolerance, photophobia, redness, swelling and crusting of the eyelid margins. While generally not sight-threatening, blepharitis can induce permanent eyelid margin alternations, such as eyelid scarring, loss of eyelashes and in-turning of eyelashes. According to Frost & Sullivan, blepharitis affected 94.5 million patients in 2019, accounting for nearly 6.8% of the population in China.

There is currently no FDA- or NMPA-approved prescription product solely indicated for blepharitis. Topical or systemic administration of antibiotics and topical administration of anti-inflammation drugs are common treatments for blepharitis. Several corticosteroid eye drops have been approved by the NMPA for the treatment of steroid-responsive inflammatory ocular conditions. Compared with drugs applied directly to the eyelid margin, however, corticosteroid eye drops have the limitations of causing increased IOP. See "—Advantages." The following table sets forth the marketed topical corticosteroid drugs for blepharitis in China:

Category	Generic Name	Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
		Brand Name	Manufacturer				
Topical Corticosteroid Drugs							
Monotherapy Drug	Dexamethasone Sodium Phosphate	N.A	Baiyunshan	12	1982	√	4.7
	Fluorometholone	FML	Allergan	2	1999	√	3.4
	Hydrocortisone	N.A	Wujing Medicine	9	1981	X	0.1
	Loteprednol	Lotemax	Bausch & Lomb	0	2007	X	14.0
	Prednisolone	Pred Forte	Allergan	0	1999	X	5.8
Fixed-dose Combination Drug	Dexamethasone/Tobramycin	Tobradex	Novartis	8	2001	√	2.4
	Fluorometholone/Gentamicin	Infectoflam	Novartis	1	1999	X	5.8
	Loteprednol/Tobramycin	Sai Le	Bausch & Lomb	0	2012	X	20.4

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, there was no drug solely indicated for blepharitis competing with OT-503 in China.

Advantages

OT-503 is expected to be more effective than other available treatments because fluticasone propionate, the active ingredient in OT-503, has a strong affinity for the glucocorticoid receptor. For example, fluticasone propionate's affinity for the glucocorticoid receptor is approximately ten times greater than dexamethasone, a corticosteroid commonly used in ophthalmology. Although fluticasone propionate has not previously been approved in a topical formulation for use in ophthalmology, its potent anti-inflammatory properties have been approved in numerous drug products over the past 20 years for the treatment of various indications including dermatology, rhinitis and asthma.

Furthermore, OT-503 is directly applied to the inflamed or infected area of the eyelid margin by an eyelid applicator. Compared with eye drops with similar ingredients, the direct application is expected to minimize potential penetration of fluticasone into the intraocular tissues and into trabecular meshwork, which may lead to damaging side effects such as IOP increases found with current topical steroids.

Summary of Clinical Trial Data

Phase II Clinical Trial (NCT03926026) in the United States (based on top-line results data in published Nicox 2019 annual report)

Overview. NCT03926026, or the Danube trial, conducted by Nicox, was a double-masked, randomized Phase II clinical trial of 36 patients. This trial aimed to evaluate the safety and tolerability of NCX 4251 in treating acute exacerbations of blepharitis, and also aimed to select the dose of NCX 4251 for future development.

Trial Design. In this clinical trial, a total of 36 enrolled patients received NCX 4251 once daily (n=10), NCX 4251 twice daily (n=10), placebo once daily (n=5) or placebo twice daily (n=11) for a 14-day dosing period followed by a 14-day safety evaluation period.

Trial Status. This trial was initiated in March 2019 and completed in December 2019.

Safety Data. Both once-daily and twice-daily doses of NCX 4251 were well tolerated. There were no serious AEs, no treatment related systemic AEs and no elevation of IOP.

Efficacy Data. Although the trial did not aim to evaluate the efficacy of NCX 4251, there was a statistically significant reduction in eyelid redness, eyelid debris and eyelid discomfort by the end of the 14-day dosing period ($p = 0.047$ for study eyes and $p = 0.025$ for combined eyes and non-study eyes).

Clinical Development Plan and Our R&D Work

Our licensing partner Nicox had announced in April 2020 that a positive meeting was held with the FDA in which next trial designs were discussed. We understand that Nicox has selected NCX 4251 0.1% once daily treatment to advance into a larger Phase IIb clinical trial, subject to financial arrangements being secured.

Based on an in-depth technical analysis of OT-503's ingredients and formulation, we evaluated the comparative advantages of OT-503 in the Chinese market and formulated our registration plan. In accordance with the registration plan, we organized technical materials provided by Nicox pursuant to the relevant registration regulations in China. We also adjusted our registration plan by closely monitoring NCX 4251's progress in research and development and regulatory registration in the United States.

We further analyzed the efficacy and safety data in Nicox's Phase II clinical trial, and formulated our clinical trial plan in China. We plan to commence a Phase II clinical trial in the second quarter of 2021, and a Phase III clinical trial in the fourth quarter of 2022 in China. The Phase II clinical trial aims to evaluate the safety and tolerance of OT-503 for the treatment of acute exacerbation of blepharitis and to select the optimal dosage. The Phase II clinical trial is expected to be a double-masked, randomized, parallel, multi-center and dose-escalation trial.

Licensing

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell the product for the prevention and treatment with topical application of blepharitis in the Greater China region in June 2019. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-503 (NCX 4251)."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-503 SUCCESSFULLY.

OT-701 (SJP-0133)

OT-701 is an intravitreal ranibizumab injection for the treatment of wet age-related macular degeneration, or wet AMD. Ranibizumab was developed by Genentech, Inc., or Genentech, and was approved by the FDA in 2006 and sold under the brand name Lucentis. Senju and GTS are developing SJP-0133 as a biosimilar to Lucentis. We understand that Senju and GTS have substantially completed a Phase III clinical trial for SJP-0133 in Japan to investigate the comparability of SJP-0133 and Lucentis, and expect to submit an NDA in Japan in due course in 2020. We plan to initiate a Phase I clinical trial in China in the second quarter of 2022.

Background of Reference Drug

Ranibizumab was developed by Genentech. It initially received FDA approval under the brand name of Lucentis for the treatment of wet AMD in 2006. Since then it has also been approved for the treatment of diabetic macular edema, or DME, retinal vein occlusion, or RVO, and myopic choroidal neovascularization, or mCNV. Lucentis was launched in China for the treatment of wet AMD, RVO, DME and mCNV in 2011. Core patents for ranibizumab have expired or are expiring in the near future, including 2020 in the United States and 2020 to 2021 in China. In 2019, sales of Lucentis in China amounted to RMB11.8 billion according to Frost & Sullivan. Ranibizumab was added to the NRDL in 2017.

Mechanism of Action

Overexpression of vascular endothelial growth factor, or VEGF, in ocular tissues is central to the pathogenesis and clinical manifestations of wet AMD. VEGF is a protein that stimulates the formation of new blood vessels. In wet AMD, fluid that exits from blood vessels causes swelling, or edema, of the retina and, if left untreated, loss of vision. This loss of vision can be reversed if treated early with an anti-VEGF agent to suppress VEGF signaling. To reach effective ocular tissue concentrations, these agents must be injected into the vitreous cavity. These injections must occur at regular intervals in order to maintain anti-VEGF effects. Ranibizumab is a recombinant humanized IgG1 monoclonal antibody fragment that binds to and inhibits VEGF factor A, or VEGF-A. Through binding to VEGF-A, ranibizumab interrupts the interaction of VEGF with its receptors, and thus prevents the subsequent growth of new blood vessels.

Market Opportunity and Competition

Wet AMD is a chronic and progressive disease of the central portion of the retina, called the macula, which is responsible for sharp central vision and color perception. It is caused by abnormal blood vessels that grow underneath the retina and leak blood and fluid into the macula, causing visual distortion and acute vision loss, which can be permanent. According to Frost & Sullivan, the number of wet AMD patients reached approximately 3.6 million in China in 2019 and this number is expected to grow to 4.8 million by 2030 as a result of the accelerating aging population and overuse of eyes on electronic products.

According to Frost & Sullivan, anti-VEGF drugs are currently the most important therapy for the treatment of wet AMD. Before anti-VEGF biologics entered the market, there were no specific therapies for patients with wet AMD. Following the approval of ranibizumab in 2011 in China, anti-VEGF biologics became a new option for wet AMD patients in China, and the rate of vision loss caused by wet AMD has been decreasing since then. The market size of anti-VEGF biologics for retinal diseases in China, which consisted of three marketed drugs, Lucentis®, Langmu® and Eylea®, was RMB2.6 billion in 2019, according to Frost & Sullivan. As a result of the launch of biosimilars, the market is expected to reach RMB13.5 billion in 2024 and RMB44.5 billion in 2030, according to the same source. Additionally, as the PRC patents for aflibercept and ranibizumab will expire between 2020 and 2021, many biosimilar

drugs are under development and are expected to launch within the next two to three years. See "Industry Overview—Retinal Diseases—Treatment Paradigm and Unmet Medical Needs" for a list of clinical-stage anti-VEGF biologics indicated for retinal diseases in China.

We believe the market for ranibizumab will continue to expand after ranibizumab drugs were included in the NRDL in China in 2017. For example, the unit price of Lucentis was RMB9,725 when it first entered the China market, and it was reduced to RMB3,950 after inclusion in the NRDL. As Lucentis became more affordable, more medical practitioners and patients have become familiar with ranibizumab. However, Lucentis, as well as other ranibizumab drugs, is still expensive. OT-701 is a comparable but more affordable ranibizumab drug. Comparability study conducted by Senju and GTS indicated there is no toxicological or pharmacokinetic difference between OT-701 and Lucentis and OT-701 shows similar pharmacological effects. We believe that, as medical practitioners and patients become more familiar with ranibizumab, their demand for OT-701 will increase as well.

We plan to compete with other ranibizumab developers primarily based on our focus on product quality, manufacturing cost efficiency and reliability of supply, while maintaining sound cost control measures.

Clinical Development Plan and Our R&D Work

Senju and GTS did not conduct Phase I and Phase II clinical trials for SJP-0133 as permitted under relevant Japanese laws and regulations. We understand that Senju and GTS have substantially completed a Phase III clinical trial for SJP-0133 in Japan to investigate the comparability of SJP-0133 and Lucentis and to evaluate the safety of SJP-0133 and expects to submit an NDA in Japan in due course in 2020. We are undergoing dossier preparation based on materials provided by Senju and plan to submit an IND for the Phase I clinical trial in China in late 2021, and initiate the Phase I clinical trial in the second quarter of 2022. We believe a Phase II clinical trial is not required for OT-701 as a biosimilar drug.

We plan to initiate a Phase III clinical trial in the second quarter of 2023 to evaluate the safety and efficacy of OT-701 and its comparability to Lucentis. We have formulated a clinical trial plan based on our analysis of the clinical trial data in Japan, differences in clinical characteristics between Chinese and Japanese patient populations, and the use of Lucentis in China. This trial is expected to last for one year, and is planned to be double-masked, randomized, parallel and multi-center. We plan to enroll 200 subjects and randomize them in a 1:1 ratio between the OT-701 group and the Lucentis group.

Licensing

We obtained an exclusive license from Senju and GTS to develop and commercialize a biosimilar drug of ranibizumab in the Greater China region. See "—Collaboration and License Arrangements—Collaboration with Senju and GTS—License of OT-701."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-701 SUCCESSFULLY.

Commercial-Stage and Near Commercial-Stage Assets

Ou Qin (0.3% Hyaluronic Acid)

Ou Qin is an NMPA-approved sodium hyaluronic 0.3% eye drop for the treatment of dry eye. Hyaluronic acid is naturally produced by the human body to keep tissues well lubricated and moist. Compared with similar drugs, Ou Qin has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging). In addition, Ou Qin has a potentially better safety profile because it does not contain preservatives and therefore has no corneal toxicity.

Market Opportunity and Competition

Dry eye is an ocular surface multifactorial disease, which is an inflammatory reaction caused by changes in the ocular surface epithelia related to reduced tear quantity and ocular surface sensitivity. Dry eye has become a common eye condition in modern society, and due to increased use of electronic devices, the number of dry eye patients is expected to grow continuously. See "—OT-202—Market Opportunity and Competition."

Artificial tears is the first-line treatment of dry eye. Ou Qin is a 0.3% hyaluronic acid artificial tear eye drop, and it has the following features:

- *Hyaluronic acid.* Hyaluronic acid is naturally produced by the human body to keep tissues well lubricated and moist. When used in eye drops, hyaluronic acid's strong viscoelastic properties prolong the adhesion of the tear film layer. According to Frost & Sullivan, hyaluronic acid eye drops had a 66.7% market share in China's artificial tears market in 2019, which was the largest among all types of artificial tears.

- *High viscosity.* High viscosity artificial tears are more gel-like and can provide longer-lasting lubrication and are recommended for long-term or frequent use by moderate to severe dry eye patients.

- *No preservatives.* In addition, Ou Qin has a better safety profile because it does not contain preservatives and therefore has no corneal toxicity.

- *0.8 ml single-dose packaging*. Ou Qin uses a 0.8 ml single-dose packaging, with a re-sealable cap, which lowers the risk of contamination through multiple uses throughout a day and is also easy to use and convenient to carry.

The following table sets forth a comparison of hyaluronic acid eye drops marketed in China:

Specification			Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
			Brand Name	Manufacturer				
Hyaluronic Acid								
0.1%	Mono-dosage	0.4ml	愛麗/Hialid	參天/Santen	3	2003	√	8.6
		0.8ml	潤麗/Run li	博士倫/SBausch & Lomb	0	2005	√	4.7
0.1%	Multi-dosage	5ml	愛麗/Hialid	參天/Santen	11	2000	√	4.5
		7ml	聯邦亮晶晶/Liangjingjing	珠海聯邦製藥/United Laboratories	0	2004	√	6.9
		10ml	海露/Hocysan	URSAPHARM	0	2003	√	5.7
0.3%	Mono-dosage	0.4ml	愛麗/Hialid	參天/Santen	2	2000	√	12.2
		0.8ml	歐沁/Ou Qin	匯恩蘭德/歐康維視 Huonland/OcuMension	0	2019	√	10.0
0.3%	Multi-dosage	5ml	愛麗/Hialid	參天/Santen	0	2008	√	7.4

Source: NMPA, Frost & Sullivan Analysis

Marketing Plan

Ou Qin was approved by the NMPA in July 2019. We acquired Ou Qin from Huonland, and prior to the completion of the transfer of all the rights to Ou Qin from Huonland to us, we are the exclusive sales agent for Huonland in China. See "—Collaboration and License Arrangements—Collaboration with Huonland—Acquisition of Ou Qin."

We launched Ou Qin in April 2020. We plan to establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists through diversified marketing activities, such as sponsoring dry eye-related national and regional conferences, and hosting case-sharing projects and webinars. We also plan to further our collaboration with eye hospitals and assist in the establishment of dry eye clinics in such hospitals.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET OU QIN SUCCESSFULLY.

Brimonidine Tartrate Eye Drop

Brimonidine tartrate eye drop is an NMPA-approved 5 mL 10 mg brimonidine tartrate eye drop for the treatment of open-angle glaucoma and ocular hypertension. Brimonidine tartrate is an alpha-2 adrenergic receptor agonist, which may lower intraocular pressure by reducing aqueous humor formation and enhancing uveoscleral outflow. Brimonidine tartrate also has a good safety profile with minimal side effects and adverse events and has benefits of protecting cardio-pulmonary function.

Market Opportunity and Competition

Glaucoma is a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, leading to a typical appearance of the optic disc and visual field damage if untreated. See "—OT-301 (NCX 470)—Market Opportunity and Competition." There are several types of glaucoma, and brimonidine tartrate eye drop is indicated for the treatment of open-angle glaucoma. Open-angle glaucoma is characterized by progressive peripheral visual field loss followed by central field loss, and is also usually accompanied by elevated intraocular pressure.

The following table sets forth competing brimonidine tartrate eye drops marketed in China:

Category		Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Bidding Price of per ml (RMB)
		Brand Name	Manufacturer				
0.15%	5ml:7.5mg	阿法根 /Alphagan	艾爾建/Allergan	0	2009	√	14.6
	10ml:15mg	阿法根 /Alphagan	艾爾建/Allergan	0	2009	√	x
0.2%	5ml:10mg	阿法根 /Alphagan	艾爾建/Allergan	3	2005	√	6.9
		–	匯恩蘭德 /Huonland		2016	√	

Source: NMPA, Frost & Sullivan Analysis

Both OT-301 and brimonidine tartrate eye drop, our drug candidates for the treatment of glaucoma, target the group of ophthalmologists specialized in the treatment of glaucoma, allowing us to establish our presence in the glaucoma drug market efficiently.

Marketing Plan

We are the exclusive sales agent of brimonidine tartrate eye drop in China for Huonland, which remains the drug registrant and registered manufacturer of brimonidine tartrate eye drop. See "—Collaboration and License Arrangements—Collaboration with Huonland—Exclusive

Sales of Brimonidine Tartrate Eye Drop." Brimonidine tartrate eye drop was approved by the NMPA in July 2016. We launched brimonidine tartrate eye drop in March 2020. We utilize our *WeChat* platform "Joyful View (輕鬆視界)" to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. For instance, we held a webinar on glaucoma treatment hosted by an eminent ophthalmologist on the Joyful View platform in March 2020. We also plan to host or sponsor academic conferences introducing brimonidine tartrate's efficacy in treating glaucoma. Specifically, we intend to promote the effectiveness of brimonidine tartrate eye drop when it is used in combination with prostaglandin analogs or beta-blockers.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET BRIMONIDINE TARTRATE EYE DROP SUCCESSFULLY.

0.5% Moxifloxacin Eye Drop

0.5% moxifloxacin eye drop is a 0.6 mL 0.5% moxifloxacin eye drop for the treatment of bacterial conjunctivitis. We are developing 0.5% moxifloxacin eye drop as a generic to Vigamox, which was developed by Alcon and approved by the FDA in 2003 and the NMPA in 2018. 0.5% moxifloxacin eye drop is one of the fourth-generation quinolones with better efficacy compared with drugs of earlier generations as it blocks the activity of both types of enzymes that are essential in certain species of bacteria's DNA replication. For example, compared with Levofloxacin eye drop which is widely used in China, 0.5% moxifloxacin eye drop has a lower bacteria resistance rate. In addition, 0.5% moxifloxacin eye drop uses a 0.6 mL single-dose packaging which can effectively lower the risk of contamination. A single-dose packaging is easier for patients' self-administration and is more convenient to carry, which is expected to improve compliance.

Background of Reference Drug

Vigamox was developed by Alcon. It initially received FDA approval for the treatment of bacterial conjunctivitis in 2003, and has thereafter received regulatory approvals for commercial sales in over 50 countries and regions all over the world. Vigamox was approved for commercial sales by the NMPA in December 2018, and is distributed by Novartis in China. Vigamox is not patented in China. In 2019, sales of Vigamox in China amounted to RMB5.9 million according to Frost & Sullivan.

Mechanism of Action

Moxifloxacin is a fluoroquinolone antibiotic. It inhibits the activity of both types of enzymes, DNA gyrase and topoisomerase IV, which are essential in certain species of bacteria's DNA replication, transcription, repair and recombination, thereby killing such bacterial species and relieving bacterial conjunctivitis.

Market Opportunity and Competition

Bacterial conjunctivitis is a common eye disease characterized by the inflammation of the conjunctiva, the transparent mucous membrane which covers the white part of the eye. It is caused by bacteria infections through various sources of contamination. According to Frost & Sullivan, the number of bacterial conjunctivitis patients reached approximately 29.4 million in China in 2019.

Levofloxacin, a third-generation quinolone, is currently a widely used antibiotic eye drop in China. But due to its prevalence in clinical use, high bacteria resistance rate has been identified. We believe there is a broad market for newer and more effective antibiotic eye drops. 0.5% moxifloxacin eye drop belongs to the fourth generation of quinolones with better efficacy compared with drugs of earlier generations. It has a broad spectrum of activity and elevated tissue concentration. Specifically, 0.5% moxifloxacin eye drop has lower bacteria resistance rate compared with Levofloxacin. Additionally, moxifloxacin is generally recognized as safe to all age groups. The NMPA approved its use to all age groups, including infants, in December 2018. The following table sets forth a comparison of marketed fluoroquinolones eye drops marketed in China:

Generic Name		Representative Product		Number of Other Manufacturers	Earliest NMPA Approval Time	NRDL Inclusion	Price per ml (RMB)
		Brand Name	Manufacturer				
Fluoroquinolones Eye Drops							
3rd generation fluoroquinolones	Levofloxacin	Cravit®	Santen	19	2004	√	6.1
4th generation fluoroquinolones	Gatifloxacin	Zhuning®	Anhui Shuangke Pharmaceutical	8	2005	√	3.1
	Moxifloxacin hydrochloride	Vigamox®	Novartis	0	2018	√	10.2

Source: NMPA, Frost & Sullivan Analysis

0.5% moxifloxacin eye drop also uses single-dose packaging. Single-dose packaging is easier for patients' self-administration and is more convenient to carry, which is expected to improve compliance. Additionally, we plan to compete with other moxifloxacin eye drop developers by our focus on product quality, reliability of supply and sound cost control measures.

Development and Marketing Plan

We made an abbreviated NDA submission to the NMPA for 0.5% moxifloxacin eye drop in January 2020 and expect to receive approval in the first half of 2021. 0.5% moxifloxacin eye drop is developed as a Class 4 generic drug, which refers to domestic drugs that imitate innovative drugs that have been marketed within China. We are not required to conduct clinical trials for 0.5% moxifloxacin eye drop but are only required to conduct a comparability study

instead. We engaged Huonland to conduct the comparability study, and we plan to outsource the manufacturing of 0.5% moxifloxacin eye drop to Huonland. We plan to focus our resources on rapidly delivering 0.5% moxifloxacin eye drop to patients upon such approval.

For the commercialization of 0.5% moxifloxacin eye drop, we plan to cooperate with the Chinese Ophthalmological Society to provide training about bacterial conjunctivitis to ophthalmologists, especially those who practice in China's rural areas. We believe the market in China's rural areas has a strong growth potential because many rural patients bacterial conjunctivitis are not treated due to limited awareness of the treatment for bacterial conjunctivitis.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET 0.5% MOXIFLOXACIN EYE DROP SUCCESSFULLY.

Other Preclinical-Stage Drug Candidates

OT-601-C is a moxifloxacin-dexamethasone sodium phosphate eye drop for the treatment of postoperative inflammation. OT-601-C includes both the antibiotic moxifloxacin and the anti-inflammatory dexamethasone. Moxifloxacin has a broad spectrum of action and high tissue concentration. It also has lower bacteria resistance rate than certain commonly used antibiotic drugs, such as tobramycin.

OT-302 is an acetazolamide injection for the treatment of acute glaucoma and for reducing high intraocular pressure prior to anti-glaucoma surgeries and other intraocular surgeries. Acetazolamide is a potent carbonic anhydrase inhibitor which effectively controls the secretion of aqueous humor.

OT-1301 is a cyclosporine implant used to prevent transplant rejection after keratoplasty, or corneal transplant surgery. It is implanted into the anterior chamber angle at the end of keratoplasty. We may also consider investigating the effect of OT-1301 on treating dry eye.

OT-1601 and OT-1602 are stem cell therapies that we plan to develop with SanBio pursuant to our development and commercialization agreement for the treatment of retinitis pigmentosa and dry AMD in the former case and acute optic neuritis in the latter case. See "—Collaboration and License Arrangements—Collaboration with SanBio."

COLLABORATION AND LICENSE ARRANGEMENTS

Collaboration with EyePoint

License of OT-401 (YUTIQ)

In November 2018, we entered into an exclusive license agreement, or the OT-401 License Agreement, with EyePoint Pharmaceuticals, Inc., or EyePoint, for OT-401. Under the OT-401 License Agreement, EyePoint has granted us exclusive rights under certain patents, know-how and trademarks to import, test, use, sell, develop and commercialize YUTIQ, the FA intravitreal insert utilizing EyePoint's proprietary Durasert® technology, for the treatment of chronic NIU-PS, in the Greater China region. Pursuant to a related supply and quality agreement, EyePoint will be the exclusive supplier of OT-401 to meet our clinical development and commercialization needs of OT-401 in the Greater China region. Our right to manufacture OT-401 is limited to the right to package and label the finished product supplied by EyePoint under such supply and quality agreement for sale in the Greater China region. EyePoint has also retained the right to manufacture OT-401 in the Greater China region for commercialization outside of the Greater China region and to use or license certain of its intellectual property to develop and commercialize products other than OT-401. In the event of a major supply chain failure on the part of EyePoint that continues for a specified period of time, EyePoint and the Company agree to jointly work to appoint a third-party manufacturer to supply OT-401 and to execute a technology transfer agreement at commercially reasonable terms to transfer the relevant manufacturing technology (not patent) to us to allow manufacture by such third party. If EyePoint unilaterally decides to discontinue manufacturing of OT-401, then the parties agree to immediately execute a technology transfer agreement at commercially reasonable terms to allow the Company the right to arrange for a third-party manufacturer to manufacture OT-401. For risks relating to license agreements with EyePoint, please refer to the section headed "Risk Factors—Risks Relating to Our Intellectual Property Rights—Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by licensing partners" in this document. EyePoint is a listed Company (NASDAQ: EYPT) with a market capitalization of US$110.5 million as of the Latest Practicable Date and a biopharmaceutical company committed to developing and commercializing innovative ophthalmic products for the treatment of eye diseases. EyePoint has developed five FDA-approved treatments in ophthalmology. We have maintained a business relationship with EyePoint since November 2018.

We granted EyePoint an exclusive, royalty-free, perpetual, assignable and sub-licensable license under all intellectual property that we develop pursuant to our activities under the OT-401 License Agreement to commercialize OT-401 outside of the Greater China region. Under the OT-401 License Agreement, we may not directly or indirectly research, develop or commercialize any product for the treatment of chronic NIU-PS in the Greater China region other than OT-401.

We paid a one-time upfront payment of US$1.75 million to EyePoint and will be obligated to pay up to an additional US$7.25 million upon our achievement of certain future prescribed development and regulatory milestones and US$3 million upon our achievement of certain commercial sales-based milestones. In addition, we are obligated to pay EyePoint a mid-single digit percentage royalty on our net sales of OT-401. In August 2019, we paid US$1.0 million in development milestone payment to EyePoint triggered by the approval of the IND for OT-401 in China. The IND allows the importation of finished product into China for use in its initiated clinical trial to support regulatory approval for the treatment of chronic NIU-PS. EyePoint will be our exclusive supplier of OT-401. It will provide OT-401 at a fixed unit price, subject to certain adjustments for the volume of supply and market conditions. EyePoint must use commercially reasonable efforts to meet our supply requirements.

Under the OT-401 License Agreement, we must use commercially reasonable efforts to develop and commercialize OT-401 in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for OT-401 in the Greater China region, including any additional technical assistance requested, other than a fixed number of hours of technical assistance support to be provided at no cost by EyePoint. We have a first right of negotiation for an additional exclusive license to EyePoint's shorter-duration line extension candidate for this indication in the Greater China region.

Under the OT-401 License Agreement, we and EyePoint formed a joint steering committee with equal representation from each party to oversee and review the development and commercialization of OT-401 in the treatment of chronic NIU-PS in the Greater China region. The OT-401 License Agreement and the related supply and quality agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis in the Greater China region until the date of the last commercial sale of OT-401 in each jurisdiction. We are entitled to terminate the OT-401 License Agreement at any time for any or no reason, upon 90 days' prior written notice to EyePoint. EyePoint is entitled to terminate the OT-401 License Agreement upon 30 days' prior written notice to us if we, or our affiliate or any third party assisted by us challenge any patent owned or controlled by EyePoint relating to OT-401. We or EyePoint may terminate the OT-401 License Agreement upon 60 days' prior written notice upon the other party's uncured material breach of the agreement or upon 30 day's prior notice if the other party experiences certain insolvency-related events. A material breach by us would primarily refer to our failure to use commercially reasonable efforts to develop and obtain regulatory approval for and commercialize the licensed product in the licensed territory, and failure to make milestone and royalty payments when due. If a material breach has not been cured within 60 days after receipt of written notice of such breach from the non-breaching party, it would constitute an "uncured" breach. Upon termination of the OT-401 License Agreement, the license granted to us with respect to OT-401 will terminate immediately. The risk of terminating the OT-401 License Agreement due to breaches is low because licensing is a mutually beneficial business model, as we are incentivized by our self interest to diligently develop and commercialize the licensed drug candidates in the licensed territories, and, if we succeed, the licensor will receive their compensation in the form of milestone and royalty payments.

We will own any inventions created or conceived solely by our employees, agents, or independent contractors and EyePoint will own any inventions created or conceived solely by its employees, agents or independent contractors in their respective activities under the OT-401 License Agreement. EyePoint controls the prosecution, maintenance and enforcement of the patents it licenses to us under the OT-401 License Agreement. If EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense.

The licensing arrangements of OT-401 were reached after arm's-length negotiations between EyePoint and us, which are in line with industry norms, according to Frost & Sullivan.

We also received a special approval by the competent PRC authorities to market OT-401 in Boao Pilot Zone. In March 2019, we entered into a Memorandum of Understanding with EyePoint, pursuant to which EyePoint is obliged to supply YUTIQ for the Boao Pilot Zone use.

License of DEXYCU

In January 2020, we entered into an exclusive license agreement, or the DEXYCU License Agreement, with EyePoint for DEXYCU. Under the DEXYCU License Agreement, EyePoint granted us exclusive rights under certain patents, know-how and trademarks to import, test, use, sell, develop and commercialize DEXYCU for the treatment of postoperative inflammation after ocular surgery in the Greater China region. Pursuant to a related supply and quality agreement, EyePoint will be the exclusive supplier of DEXYCU to meet our clinical development and commercialization needs of DEXYCU in the Greater China region. Our right to manufacture DEXYCU is limited to the right to package and label the finished product supplied by EyePoint under such supply and quality agreement for sale in the Greater China region. EyePoint has also retained the right to manufacture DEXYCU in the Greater China region for commercialization outside of the Greater China region and to use or license certain of its intellectual property to develop and commercialize products other than DEXYCU. In the event of a major supply chain failure on the part of EyePoint that continues for a specified period of time, EyePoint and the Company agree to jointly work to appoint a third-party manufacturer to supply DEXYCU and to execute a technology transfer agreement at commercially reasonable terms to transfer the relevant manufacturing technology (not patent) to us to allow manufacture by such third party. If EyePoint unilaterally decides to discontinue manufacturing of DEXYCU, then the parties agree to immediately execute a technology transfer agreement at commercially reasonable terms to allow the Company the right to arrange for a third-party manufacturer to manufacture DEXYCU.

We granted EyePoint an exclusive, royalty-free, perpetual, assignable and sub-licensable license under all intellectual property that we develop pursuant to our activities under the DEXYCU License Agreement to commercialize DEXYCU outside of the Greater China region. Under the DEXYCU License Agreement, we may not directly or indirectly research, develop or commercialize any injectable or sustained-release steroid product for the treatment of postoperative inflammation after ocular surgery in the Greater China region other than DEXYCU.

Under the terms of the DEXYCU License Agreement, EyePoint is entitled to receive an upfront payment of US$2.0 million. In addition, EyePoint is entitled to receive up to approximately US$12.0 million potential milestone payments, including up to US$6.0 million upon our achievement of certain development and regulatory milestones and US$6.0 million upon our achievement of certain commercial milestones. In addition, we are obligated to pay EyePoint a mid-single digit percentage royalty on our net sales of DEXYCU. EyePoint will be our exclusive supplier of DEXYCU. It will provide DEXYCU at a fixed unit price, subject to certain adjustments for market conditions. EyePoint must use commercially reasonable efforts to meet our supply requirements.

Under the DEXYCU License Agreement, we must use commercially reasonable efforts to develop and commercialize DEXYCU in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for DEXYCU in the Greater China region, including any additional technical assistance requested, other than a fixed number of hours of technical assistance support to be provided at no cost by EyePoint.

Under the DEXYCU License Agreement, we and EyePoint formed a joint steering committee with equal representation from each party to oversee and review the development and commercialization of DEXYCU in the treatment of postoperative inflammation after ocular surgery in Greater China region. The DEXYCU License Agreement and the related supply and quality agreement will continue in full force and effect on a jurisdiction-by-jurisdiction basis in the Greater China region until the date of the last commercial sale of DEXYCU in each jurisdiction. We are entitled to terminate the DEXYCU License Agreement at any time for any or no reason, upon 90 days' prior written notice to EyePoint. EyePoint is entitled to terminate the DEXYCU License Agreement upon 30 days' prior written notice to us if we challenge any patent owned or controlled by EyePoint relating to DEXYCU. We or EyePoint may terminate the DEXYCU License Agreement upon 60 days' prior written notice upon the other party's uncured material breach of the DEXYCU License Agreement or upon 30 day's prior notice if the other party experiences certain insolvency-related events. Upon termination of the DEXYCU License Agreement, the license granted to us with respect to DEXYCU will terminate immediately.

We will own any inventions created or conceived solely by our employees, agents, or independent contractors and EyePoint will own any inventions created or conceived solely by its employees, agents, or independent contractors in their respective activities under the DEXYCU License Agreement. We and EyePoint will jointly own any inventions created or conceived jointly. EyePoint controls the prosecution, maintenance and enforcement of the

patents it licenses to us under the DEXYCU License Agreement. If EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense.

Collaboration with Nicox

License of OT-301 (NCX 470)

In December 2018, we entered into an exclusive license agreement, or, as amended in March 2020, the NCX 470 License Agreement, with Nicox S.A., or Nicox, for any pharmaceutical formulation based on or including the proprietary compound of NCX 470 or any derivatives of NCX 470 or structurally similar analogs of bimatoprost having a NO donating moiety. Under the NCX 470 License Agreement, Nicox granted us exclusive rights under certain patents and know-how to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 470 in the Greater China region, Korea and another 12 countries in Southeast Asia for the prevention and treatment of all human ophthalmic diseases, including glaucoma. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture NCX 470 in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying NCX 470 for the licensed territory at our own expense. We also retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of NCX 470 in the licensed territory, subject to compliance and diligence requirements. Nicox is a Euronext-listed (Euronext Paris: FR0013018124, COX), international ophthalmology company with a market capitalization of US$161.9 million as of the Latest Practicable Date. Nicox has two FDA-approved ophthalmology products. We have maintain a business relationship with Nicox since December 2018. Under the NCX 470 License Agreement, we may not in-license or commercialize any products that directly compete with NCX 470 in the licensed territory.

Under the NCX 470 License Agreement, Nicox is entitled to receive a one-time upfront payment of €3 million and a further €15.0 million immediately after signing the first amendment of the NCX 470 License Agreement. No further milestones will be due from us to Nicox. Nicox is also entitled to receive tiered royalties ranging from 6% to 12% of net sales of NCX 470 in the Licensed Territory.

Under the NCX 470 License Agreement, we must use commercially reasonable efforts to develop and commercialize NCX 470 in the licensed territory. We will jointly manage and equally fund a second Phase III clinical trial of NCX 470, namely the Denali Phase III clinical trial, in the United States and China or in the EU and China with Nicox. If the joint trial does not occur, Nicox may refund some or the significant majority of our €15.0 million payment to us and under certain circumstances, the original development and regulatory milestones and certain commercial milestones that we were originally obliged to pay to Nicox would again apply.

Under the NCX 470 License Agreement, we and Nicox formed a joint governance committee with equal representation to help coordinate the transfer of information between the parties and facilitate the development of NCX 470 in the licensed territory. The NCX 470 License Agreement will continue in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of NCX 470 in each jurisdiction. We are entitled to terminate the NCX 470 License Agreement at any time without cause upon 30 days' prior written notice to Nicox. In the event of either party's uncured material breach of the NCX 470 License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the NCX 470 License Agreement upon 30 days' written notice to the other party, if the other party experiences certain insolvency-related events. Upon termination of the NCX 470 License Agreement, the license granted to us with respect to NCX 470 will terminate upon our exhaustion of our inventories of NCX 470 that exists at the effective date of such termination.

Under the NCX 470 License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the NCX 470 License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 470 outside the licensed territory. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the NCX 470 License Agreement. Such license would be granted outside of the licensed territory if exercised during the term of the NCX 470 License Agreement and worldwide if exercised after termination of the NCX 470 License Agreement. If Nicox exercises such option, we are entitled to a royalty of 2% of net sales of NCX 470 until such time as there are no remaining valid patent claims covering such inventions.

Nicox controls the prosecution, maintenance and enforcement of the patents it licenses to us under the NCX 470 License Agreement. Nicox is required to use commercially reasonable efforts to maintain the patents licensed to us pursuant to the NCX 470 License Agreement. If Nicox elects not to enforce any such patents in the licensed territory, we may elect to do so at our own expense. Under the NCX 470 License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the NCX 470 License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the NCX 470 License Agreement remain in effect.

License of OT-1001 (ZERVIATE)

In March 2019, we entered into an exclusive license agreement, or, as amended in March 2020, the ZERVIATE License Agreement, with Nicox for cetirizine ophthalmic solution 0.24% (ZERVIATE), which term includes any similar cetirizine ophthalmic solution product developed further to the information and data provided under the ZERVIATE License Agreement. Under the ZERVIATE License Agreement, Nicox granted us exclusive rights under certain know-how to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell ZERVIATE for the prevention and treatment of ocular allergies, including the treatment of ocular itching associated with allergic conjunctivitis or such similar indication, in the Greater China region and 11 countries in the Southeast Asian region. Nicox also granted us exclusive rights to use the ZERVIATE trademark in China in connection with ZERVIATE. Under the ZERVIATE License Agreement, we may not in-license or commercialize any product that directly competes with ZERVIATE or any other anti-histamine eye drop product in the licensed territory during the term of the ZERVIATE License Agreement and for three years thereafter. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture ZERVIATE in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying ZERVIATE for the licensed territory at our own expense. We also retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of ZERVIATE in the licensed territory, subject to compliance and diligence requirements.

Under the ZERVIATE License Agreement, Nicox is entitled to receive development and sales milestone payments from us of up to approximately US$19 million. Nicox is also entitled to receive tiered royalties ranging from 5% to 9% of net sales of ZERVIATE in the licensed territory.

Under the ZERVIATE License Agreement, we must use commercially reasonable efforts to develop and commercialize ZERVIATE in the licensed territory and are responsible for all associated costs and expenses.

Under the ZERVIATE License Agreement, we and Nicox formed a joint governance committee with equal representation to help coordinate the transfer of information between the parties and facilitate the development of ZERVIATE in the licensed territory. The ZERVIATE License Agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of ZERVIATE in each jurisdiction. We are entitled to terminate the ZERVIATE License Agreement at any time without cause upon 30 days' prior written notice to Nicox and payment of a €1 million termination fee. In the event of either party's uncured material breach of the ZERVIATE License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the agreement upon 30 days' written notice to the other party,

if the other party experiences certain insolvency-related events. Upon termination of the ZERVIATE License Agreement, the license granted to us with respect to ZERVIATE will terminate upon our exhaustion of our inventories of ZERVIATE that exists at the effective date of such termination.

Under the ZERVIATE License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the ZERVIATE License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell ZERVIATE outside the licensed territory. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the ZERVIATE License Agreement. Such license would be granted outside of the licensed territory if exercised during the term of the ZERVIATE License Agreement and worldwide if exercised after termination of the ZERVIATE License Agreement. If Nicox exercises such option, we are entitled to a royalty of 3% of net sales of ZERVIATE until the earlier of ten years from our first commercial sale of ZERVIATE and the time at which there are no valid patent claims covering such inventions. Under the ZERVIATE License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the ZERVIATE License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the ZERVIATE License Agreement remain in effect.

License of OT-503 (NCX 4251)

In June 2019, we entered into an exclusive license agreement, or the NCX 4251 License Agreement, with Nicox for the proprietary pharmaceutical formulation of NCX 4251, which term includes any other fluticasone propionate containing formulation covered by Nicox intellectual property and know-how developed under the agreement. Under the NCX 4251 License Agreement, Nicox granted us exclusive rights to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell the NCX 4251 for the prevention and treatment of blepharitis with topical application in the Greater China region. Under the NCX 4251 License Agreement, we may not develop, in-license or commercialize in the Greater China region any products that contain fluticasone or that is used for the prevention and treatment of blepharitis and is applied by an eyelid applicator or equivalent directly to the eyelid margin. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture NCX 4251 in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying NCX 4251 for the licensed territory at our own expenses. We also

retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of NCX 4251 in the licensed territory, subject to compliance and diligence requirements.

Under the NCX 4251 License Agreement, Nicox is entitled to receive an upfront payment of approximately US$2.3 million and additional development and sales milestones of up US$11.3 million. Under the NCX 4251 License Agreement, Nicox is also entitled to receive tiered royalties ranging from 5% to 10% of net sales of NCX 4251 in the Greater China region.

Under the NCX 4251 License Agreement, we must use commercially reasonable efforts to develop and commercialize NCX 4251 in the Greater China region. We are responsible, at our own cost, for all development activities necessary for the approval of NCX 4251 in the Greater China region, overseen by a joint governance committee comprising equal representation from each party to help to coordinate the transfer of information between the parties and facilitate the development of the NCX 4251 in the Greater China region.

The NCX 4251 License Agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of NCX 4251 in each jurisdiction. We are entitled to terminate the NCX 4251 License Agreement at any time without cause upon 30 days' prior written notice to Nicox. In the event of either party's uncured material breach of the NCX 4251 License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the agreement upon 30 days' written notice to the other party, if the other party experiences certain insolvency-related events. Upon termination of the NCX 4251 License Agreement, the license granted to us with respect to NCX 4251 will terminate upon our exhaustion of our inventories of NCX 4251 that exists at the effective date of such termination.

Under the NCX 4251 License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the NCX 4251 License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 4251 outside the Greater China region. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the NCX 4251 License Agreement. Such license would be granted outside of the Greater China region if exercised during the term of the NCX 4251 License Agreement and worldwide if exercised after termination of the NCX 4251 License Agreement. If Nicox exercises such option, we are entitled to a royalty of 2% of net sales of NCX 4251 until such time as there are no remaining valid patent claims covering such inventions.

Nicox controls the prosecution, maintenance and enforcement of the patents it licenses to us under the NCX 4251 License Agreement. Nicox is required to use commercially reasonable efforts to maintain the patents licensed to us pursuant to the NCX 4251 License Agreement. If

Nicox elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense. Under the NCX 4251 License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the NCX 4251 License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the NCX 4251 License Agreement remain in effect.

Collaboration with Senju and GTS

License of OT-701

In January 2019, we entered into an exclusive license agreement, or the OT-701 License Agreement, with Senju Pharmaceutical Co., Ltd., or Senju, and Gene Techno Science Co., Ltd., or GTS, as licensors. Under the OT-701 License Agreement, the licensors granted us exclusive rights to develop and commercialize products containing ranibizumab as a biosimilar to Lucentis® under the licensed data in the Greater China region. We were granted rights to manufacture OT-701 in the licensed territory under the OT-701 License Agreement. Senju is a global international pharmaceutical company based in Japan and primarily engaged in manufacturing and sales of pharmaceutical products, including eye drops and contact lens cleaners. GTS is a Tokyo Stock Exchange–listed Company (TYO: 4584) with a market capitalization of approximately JPY23.2 billion as of the Latest Practicable Date, primarily engaged in the development of biopharmaceuticals including biosimilar, new biologics and regenerative medicines. We have maintained a business relationship with Senju and GTS since January 2019. Under the OT-701 License Agreement, we may not develop or commercialize any products utilizing ranibizumab made by any third party other than GTS.

Under the OT-701 License Agreement, the licensors are entitled to receive from us a one-time upfront fee and certain additional milestone payments associated with regulatory progress and commercial sales of OT-701. The licensors are also entitled to receive single digit percentage tiered royalties on net sales of OT-701 in the Greater China region. We have commenced the discussion with the licensors for a separate supply agreement with respect to the active ingredient of OT-701 and the unpackaged product.

Under the OT-701 License Agreement, we must use commercially reasonable efforts to obtain marketing authorizations for OT-701 in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for OT-701 in the Greater China region. The OT-701 License Agreement will continue in full force and effect for so long as we continue to develop, manufacture, market or sell OT-701 in the Greater China region. The OT-701 License Agreement may be terminated upon party's uncured material breach of the OT-701 License Agreement or party's experience of certain insolvency-related events.

Collaboration with Huonland

Acquisition of Ou Qin

In December 2019, we entered into a hyaluronic acid eye drop technology transfer agreement, or the Ou Qin Acquisition Agreement, with Beijing Huonland Pharmaceutical Co., Ltd., or Huonland. Huonland is an ophthalmic drug manufacturing company with a registered capital of RMB88.67333 million based in China, primarily engaged in development, production and sales of ophthalmology products. We have maintained a business relationship with Huonland since January 2019. Pursuant the Ou Qin Acquisition Agreement, Huonland agreed to transfer all its rights to 0.8 mL dose hyaluronic acid eye drop of 0.3% concentration, which we have internally named Ou Qin, to us, and prior to the completion of such transfer, grant us an exclusive sales right in China. We are entitled to receive service fee derived from the sales of Ou Qin prior to the completion of the transfer. Under the Ou Qin Acquisition Agreement, we are entitled to all drug registration certificates and data related to Ou Qin and a service fee. Huonland is entitled to an acquisition fee of up to RMB25.0 million. The Ou Qin Acquisition Agreement will continue in full force and effect until the date on which Huonland is not designated to manufacture and supply Ou Qin by us. In March 2020, we entered into a commissioned manufacturing agreement, or the Ou Qin Manufacturing Agreement, with Huonland. Pursuant to the Ou Qin Manufacturing Agreement, after the completion of the transfer of rights of Ou Qin, we agreed to engage Huonland for manufacturing and supply of Ou Qin in China for a term of five year commencing from March 2020. We are entitled to terminate the Ou Qin Manufacturing Agreement immediately if Huonland experiences a change of control or being disqualified to fufill the obligations under the Ou Qin Manufacturing Agreement or upon 60 days' prior written notice at any time without cause. We or Huonland may terminate the Ou Qin Manufacturing Agreement immediately upon written notice upon the other party's uncured material breach of the Ou Qin Manufacturing Agreement or if the other party experiences certain insolvency-related events.

Exclusive Sales of Brimonidine Tartrate Eye Drop

In February 2020, we entered into an exclusive sales agency agreement, or the brimonidine tartrate eye drop Sales Agency Agreement, with Huonland. Pursuant to the brimonidine tartrate eye drop Sales Agency Agreement, Huonland agreed to (i) grant us an exclusive sales right to its brimonidine tartrate eye drops in China for a term of five years commencing from March 2020, (ii) manufacture and supply brimonidine tartrate eye drop to us during the agreed term, and (iii) pay us an amount equal to the difference between the price we charge distributors and agreed supply price we paid to Huonland as our service fee. Upon expiry of the agreement, so long as we have not had a breach, we have priority rights to renew the agreement and remain as the exclusive sales agent of this product in China. Brimonidine tartrate eye drop received its NDA approval in China in 2016.

Manufacture of 0.5% Moxifloxacin Eye Drop

In January 2019, we entered into a manufacturing outsourcing agreement, or the 0.5% moxifloxacin eye drop Manufacturing Agreement, with Huonland. Pursuant to the 0.5% moxifloxacin eye drop Manufacturing Agreement upon obtaining the NDA approval, we, the MAH of 0.5% moxifloxacin eye drop, agreed to (i) outsource the manufacturing of 0.5% moxifloxacin eye drop, a moxifloxacin antibiotic eye drop, to Huonland, the production approval holder, for a term of at least five years commencing from the date we received NDA approval for 0.5% moxifloxacin eye drop, and (ii) pay Huonland a commission fee for the manufacturing service. We are entitled to change the manufacturer of 0.5% moxifloxacin eye drop as a MAH upon expiration of the 0.5% moxifloxacin eye drop Manufacturing Agreement.

Collaboration with SanBio

In March 2020, we entered into a collaboration and license agreement with SanBio Co. Ltd., or SanBio. SanBio is a Tokyo Stock Exchange-listed company (TYO: 4592), with a market capitalization of JPY92.4 billion as of the Latest Practicable Date, primarily engaged in development, production and sales of regenerative cell drugs. We have maintained a business relationship with SanBio since March 2020. Under the agreement, SanBio will grant us an exclusive, non-sub-licensable and non-transferrable license to research, develop and commercialize two stem cell therapies in the Greater China region for ophthalmic indications. SanBio and we plan to jointly develop the products in the preclinical phase. We will fund an initial investment of US$6 million for the preclinical and manufacturing process development, and the remaining preclinical and manufacturing process development costs will be equally shared by both parties. We will be responsible for clinical development and commercialization activities conducted in the Greater China region and bear all associated costs. SanBio retains all rights for ophthalmic indications for the rest of the world and all rights for non-ophthalmic indications globally. Under the agreement, SanBio is entitled to up to US$71 million in milestone payments upon the achievement of certain development, regulatory and sales milestone events. In addition, SanBio is entitled to receive tiered royalties ranging from single digit to low teens as a percentage of annual net sales in the Great China region. The agreement will continue in full force and effect on a jurisdiction-by-jurisdiction and product-by-product basis in the Greater China region until the latest of the expiration of the licensed patents, expiration of regulatory exclusivity, launch of a competing generic product or ten years after commercial launch of such licensed product in each jurisdiction. SanBio is entitled to terminate the SanBio Collaboration Agreement immediately if we directly or indirectly challenge any patent owned or controlled by SanBio relating to the licensed products. We or SanBio may terminate the SanBio Collaboration Agreement upon 30 days' prior written notice upon the other party's uncured material breach of the SanBio Collaboration Agreement or immediately upon notice if the other party experiences certain insolvency-related events. Upon our termination of the SanBio Collaboration Agreement for SanBio's material breach or insolvency, we will retain the license granted to us. Upon other termination of the SanBio Collaboration Agreement, the license granted to us will terminate.

RESEARCH AND DEVELOPMENT

We are dedicated to building and growing fully integrated research and development capabilities as an internal engine to power our agenda of identifying, developing and commercializing the most innovative and best-in-class therapies for ophthalmic patients in China.

Our executive director and CEO, Mr. Liu Ye, our chief scientific officer, Dr. Liu Changdong, our chief medical officer, Dr. Chen DongHong and our chief development officer, Dr. Hu Zhaopeng, oversee our research and development activities.

Our research and development team has a full suite of capabilities from drug discovery, preclinical research to clinical trials. Specifically, our research and development team conducts feasibility studies for potential drug candidates, analyzes the availability of alternative treatments in China, characterizes drug candidates' critical attributes, and designs and executes clinical trials. Our market-driven research and development efforts focus on drug candidates that address unmet demands in the broad and growing ophthalmic pharmaceutical market in China.

In addition to our internal research and development efforts, we also collaborate with external research partners, such as leading CROs, academic institutions and industrial partners, to jointly investigate new drugs and conduct clinical trials. We entered into research and development contracts with several industry-leading CROs. See "—Collaboration with CROs." We believe our well-rounded research and development capabilities will help us to achieve our goal of providing world-class total solutions to advance eye health in China.

In 2018 and 2019, our research and development expenses were RMB40.7 million and RMB99.5 million, respectively.

Drug Discovery and Preclinical Research

Our research and development process begins with drug discovery. Limited by the slow progress in scientific research on the pathogenesis of eye diseases and disorders, the drug discovery efforts of ophthalmic pharmaceutical companies worldwide primarily focus on developing new formulations and new dosage forms that possess advantages over currently approved drug products rather than discovering new targets or new mechanisms of action. We pursue a dual-source innovation strategy through in-licensing/acquisition or internal research and development. Through in-licensing and acquisitions, we are committed to finding best-in-class therapies internationally that address Chinese patients' unmet medical needs. Specifically, in the selection of licensing partners, we primarily focus on those specialized ophthalmic pharmaceutical companies with comprehensive drug portfolios, advanced innovation capabilities and established industry reputation. Based on our deep domain expertise and broad international connections, we conduct meticulous research on the latest developments in global ophthalmology across all major indications and therapies to identify the best assets that we believe would suit the unmet medical needs and unique characteristics

of Chinese patients. We also research the regulatory pathways for obtaining clinical trial approvals and marketing approvals in China. On the other hand, through internal research and development, we also identify innovative therapeutic concepts and study them for potential in-house development. Going forward, we intend to gradually shift our priority to conducting most of our new drug candidate discovery, research and development internally, and we will allocate our internal resources accordingly.

As of December 31, 2019, our research and development team had 15 members, including 5 members holding M.D. or Ph.D. degrees and 7 members holding master's degrees. Members of our research and development team have multidisciplinary backgrounds. They have extensive expertise in ophthalmology, pharmacology, toxicology, traditional medicine and chemistry. In addition, four members of our research and development team have over ten years of experience in ophthalmology.

We have a streamlined drug selection process. Various departments and teams interact closely and cooperate seamlessly in this process:

- *Evaluation of commercial value.* Our business development department begins the search for potential drug candidates by evaluating target drugs' commercial value. It pays close attention to those drugs for diseases with a large patient population but limited alternative treatments in China. A target drug's cost-effectiveness and ease-of-use are also important factors being considered. Our business development department is led by Mr. Zuo Qinglei, our vice president (commercialization). Mr. Zuo has over ten years of experience in the pharmaceutical industry, over five years of experience in the ophthalmic pharmaceutical industry, and is experienced in establishing collaborative relationship with external parties and identifying potential development or licensed-in targets.

- *Assessment of scientific feasibility.* Our scientific affairs department evaluates a potential drug candidate's development prospects from scientific perspectives. It is primarily responsible for high-level, early-stage assessments of a potential drug candidate's critical quality attributes, and analyzing its potential advantages compared to currently approved alternative treatments. Our scientific affairs department is led by Dr. Liu Changdong, our chief scientific officer. Dr. Liu has over 13 years of experience as a practicing ophthalmologist in leading hospitals in China and over 35 years of experience in clinical development of ophthalmic drug in China and the United States. Our SAB, a panel of eminent ophthalmologists with strong influence in China and the United States, also advises our assessments of drug candidates' scientific feasibility.

- *Pre-planning of clinical trials and manufacturing.* Our medical and clinical development department and CMC team also participate early in the drug selection stage. They try to identify potential obstacles in the clinical development and manufacturing stages and evaluate the likelihood of successful clinical trials and commercial production.

- *Final decision.* Based on the results of cross-departmental assessment, our senior management and our SAB make a final decision on whether to continue the development of a potential drug candidate.

To further enhance our research capability, we are developing a state-of-the-art research laboratory within the manufacturing facility in Suzhou, which is expected to be one of the largest ophthalmic laboratories in China. The laboratory and ancillary office areas have a gross floor area of approximately 8,100 square meters. We plan to install state-of-the-art equipment in our laboratory to enhance our research and development capabilities. The laboratory is expected to commence operation in September 2021 with approximately 20 dedicated research and development personnel. We plan to conduct research activities on development of innovative and generic ophthalmic drugs such as sterile solutions, gels and suspensions, nano or micro emulsions.

The laboratory also plans to focus its research on the development of innovative formulations. Traditional formulations have several limitations. For topically applied eye drops, tears usually wash away a substantial portion of the medication, limiting the penetration of the medication into eye tissues. For injections, they achieve effective, but often transient, dosage levels in the eye, which require repeated injections and may cause pains, swellings and bleedings. Specifically, the laboratory plans to develop the following innovative formulation systems to address the limitations of traditional formulations:

- *Sustained drug release system*. The sustained drug release system utilizes intraocular implants that release drugs in a controlled manner through several weeks or months. The system allows for a consistently effective dosage level in a prolonged period, and consequently eliminates the need for repetitive eye drop administrations or injections.

- *Muco-adhesive drug delivery system.* Mucosa is the membrane that covers the inside surface of organs. It plays an important role in drug delivery because drug particles must penetrate mucosa to be absorbed. Muco-adhesion refers to the adhesion between two materials, at least one of which is a mucosal surface. Drugs can be developed into muco-adhesive dosage forms to enable prolonged retention at the site of application and a more rapid onset of action. As a result, muco-adhesive drug delivery contributes to a controlled rate of drug release, a long-lasting effective dosage level and an improved bioavailability.

Clinical Development

Our medical and clinical development department is comprised of personnel with extensive research expertise and rich practical experience. As of the Latest Practicable Date, we had nine clinical development personnel. Two of them hold M.D. or Ph.D. degrees and five of them hold a master's degree. In addition, two members of the team have practiced as ophthalmologists for over ten years and two members have clinical development experience in leading multinational pharmaceutical companies.

Our medical and clinical development department is led by our chief medical officer, Dr. Chen DongHong. Dr. Chen has over ten years of experience as a practicing ophthalmologist and over 20 years of experience as a clinical research physician in several established educational institutions and multinational ophthalmic companies in China and the United States. Dr. Chen has led more than ten clinical trials of ophthalmic drugs and devices, and has led the development of two novel ophthalmic drugs. We also have a strong clinical operation team led by Ms. Yu Xiang, who has over 12 years' experience in clinical operation. Ms. Yu has been in charge of over ten clinical trials, including clinical trials for two ophthalmic drugs, in several MNCs in China. Our clinical project manager, Ms. Zou Xiaojuan, also has over ten years' clinical operation experience and has participated in over eight clinical trials in several domestic and multinational companies. We believe our clinical development personnel's global research expertise and local practical experience will enable us to better apply the latest advances in ophthalmology to address Chinese patients' medical needs.

Each of our clinical development project is led by a project leader who formulates the clinical development plan, designs the trial protocol and oversees the trial execution. We employ adaptive clinical trial design to achieve efficiency in drug development and potentially accelerate approvals for our drug candidates. We also have a streamlined, parallel decision-making process with predefined go and no-go criteria. To maximize trial efficiency, we strategically select trial sites to fully utilize available subjects and to enhance the trials' cost-effectiveness and global compatibility.

Research and Development for In-licensed Drug Candidates

We promptly commence research and development activities after in-licensing drug candidates from our licensing partners. We design the clinical trials to be implemented in China and proactively communicate with relevant regulatory authorities for obtaining the IND approvals. We also engage third-party service providers, such as CROs and clinical research coordinators to manage the day-to-day execution of clinical trials under the close supervision and management of our research and development team. We set up standards of project management and clinical operations, and give detailed instructions and guidance to such third-parties. Additionally, we invite leading experts in relevant areas and arrange training sessions for potential investigators in preparation for the clinical trials.

COLLABORATION WITH CROs

To scale up our clinical trials and enhance trial efficiency, we engage industry-leading CROs to manage, conduct and support our preclinical research and clinical trials. For example, we engaged Ora, one of the world's largest ophthalmic CROs, to conduct preclinical and clinical due diligence for OT-401. We also engaged IQVIA, a leading global human data science company, to conduct Phase III clinical trials for OT-401. We engaged a subsidiary of WuXi AppTec to provide clinical research coordination services for the clinical trials of OT-401, which mainly included site management, patient recruiting and arranging patient follow-up visits. For OT-1001, we engaged another subsidiary of WuXi AppTec to implement and manage the clinical trials.

We select CROs based on various factors, such as professional qualifications, research experience, industry reputation, adequacy of clinical trial equipment and data management system. We choose CROs based on their ability to facilitate site selection, timely recruit patients and conduct complex clinical trials efficiently. We generally enter into a general service agreement with a CRO for clinical trial management services under which we execute separate work orders for each clinical development project. To ensure the performance of these CROs in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies, we closely supervise these CROs.

Below is a summary of the key terms of an agreement that we typically enter into with our CROs:

- *Services*. The CRO provides us with services such as the design, implementation and management of a clinical development project as specified in the general service agreement or a work order. Specifically, such services usually include preparing study reference manuals, organizing training meetings for investigators, site identification and administration, data collection, coding and analysis.

- *Term*. The CRO is required to perform its services within the prescribed time limit set out in each work order.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule by stages according to the achievement of each development milestone.

- *Intellectual property rights.* We typically own all intellectual property rights arising from the clinical trials.

- *Risk allocation*. The CRO should indemnify us for losses caused by its negligence, recklessness, intentional misconduct or material breach of the general service agreement or the work order.

We believe our ability to conduct large, high-quality clinical trials enables us to shorten the time required for drug development by generating the requisite data reliably and efficiently.

CMC

Our CMC team is primarily responsible for process development, drug characterization, laboratory management and other preclinical, clinical and manufacturing support. As of December 31, 2019, our CMC team had two members, holding a Ph.D. and a master's degree, respectively, and having an average of over ten years' CMC experience. Our CMC team serves the following functions:

- *Preclinical support and laboratory management*. Seamlessly integrated into our drug discovery and development process, our CMC team supports, supervises and guides our CROs. It also identifies, at an early stage, characteristics of a drug candidate that may impede clinical trials or commercial production. Our CMC team also manages the construction of our laboratory, and is expected to supervise the laboratory's operation after the construction is completed.

- *Clinical support*. During the clinical trial stage, our CMC team manages clinical trial supplies by monitoring and providing guidance to our suppliers in order to ensure product quality and best-practice supply chain operations.

- *Process development and quality control for manufacturing*. Prior to commercial production, our CMC team is responsible for developing full-scale industrial manufacturing processes. Our CMC team is also expected to enforce quality control measures, such as raw material testing, drug substance specification and product quality assessment.

We also engage industry leading CROs to assist in the CMC process for developing some of our drug candidates, such as OT-101 and OT-601-C. The CROs mainly provide consulting services for planning and managing the CMC process.

MANUFACTURING

As of the Latest Practicable Date, we had not produced drug products by ourselves. Pursuant to the Ou Qin Acquisition Agreement, Huonland agreed to transfer all its rights to Ou Qin to us, and grant us the exclusive sales right to Ou Qin in China before such transfer is completed. Additionally, Huonland agreed to manufacture and supply Ou Qin to us before the transfer is completed. After the transfer is completed, we will engage Huonland as our CMO for Ou Qin. Pursuant to the Brimonidine Tartrate Eye Drop Sales Agency Agreement, we were granted the exclusive sales right to brimonidine tartrate eye drop in China, and Huonland agreed to manufacture and supply brimonidine tartrate eye drop to us. See "—Collaboration and License Arrangements—Collaboration with Huonland." We do not foresee any major difficulties in finding alternative manufacturers if any of the current manufacturers' production suspends.

We are developing our own manufacturing capability. Development has begun on a new facility in Suzhou and we expect the facility to begin trial production in September 2021. The manufacturing facility is expected to occupy a site area of approximately 30,000 sq.m.

We have strategically selected Suzhou as the site of the Suzhou manufacturing facility. Suzhou is one of national centers of life science industries and the Suzhou government has implemented various favorable policies to foster the growth of innovative pharmaceutical companies. Benefiting from such favorable policies, we cooperate with the Suzhou government in developing our manufacturing facility. See "Waivers from Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in respect of Accounting and Disclosure Requirements for Acquisitions of Subsidiaries and Businesses Conducted after the Track Record Period" for details of our cooperation agreement with the Suzhou government.

The Suzhou manufacturing facility is planned to have four production workshops with a total planned capacity of up to 455.0 million doses per year. The four production shops are intended for the manufacturing of general ophthalmic drugs, hormonal ophthalmic drugs, ophthalmic ointment and ophthalmic devices. Once completed, our Suzhou manufacturing facility is expected to have a larger manufacturing capacity compared to existing ophthalmology-specialized pharmaceutical manufacturing facilities in China. Our Suzhou manufacturing facility is designed to be capable of producing most of our key assets, including OT-401. We plan to use the Suzhou manufacturing facility to produce drugs that we have the manufacturing rights, including potentially OT-301, OT-1001 and OT-503.

The Suzhou manufacturing facility is designed in compliance with GMP standards of China, the United States and the EU. The production lines are specifically designed for the production of ophthalmic drugs, including sterile solutions, gels and suspensions. The production lines are also highly automated, and we expect that fewer than 130 workers will be needed when the production lines operate at full capacity. We plan to hold and operate the Suzhou manufacturing facility under a pharmaceutical manufacturing license to be issued by the Jiangsu branch of NMPA.

In addition, the Suzhou manufacturing facility may benefit from its proximity to our key suppliers. For example, two established eye-drop bottle manufacturers, which are renowned for product design and quality and long-term suppliers for reputable MNCs, are adjacent to the Suzhou manufacturing facility. We plan to directly procure eye-drop bottles from them, thus effectively reducing transaction and transportation costs.

Operating the Suzhou own manufacturing facility allows us to eliminate costs for engaging third-party manufacturers and to reduce transaction costs. We are also better positioned to implement quality control measures and produce consistently high-quality products on a large scale.

COMMERCIALIZATION

The commercialization of our drug candidates is critical to our future success. As of the Latest Practicable Date, we had a commercialization team of 46 employees. In anticipation of the launch of our late-stage drug candidates, we are expanding our sales team and plan to have about 100 members across China by 2021.

Our commercialization strategies focus on building our brand and increasing our market coverage. We aim to gain access to the markets of 31 provinces and municipalities by 2021 and to introduce our products to over 12,000 ophthalmologists in over 1,500 Grade II and Grade III hospitals in China by 2022.

To achieve these goals, we have implemented diversified commercialization strategies. In addition to in-person visits to hospitals and clinics, we also regularly sponsor or host academic conferences in ophthalmology. We are also in the process of launching early-access programs in ten hospitals which allow patients who have exhausted all currently approved drugs to use our drugs that are currently under development. In addition to promoting our drug products in public hospitals, we also partner with established private hospitals, which are rapidly growing in China and are receiving increasing patient acceptance. We also established our *WeChat* platform "Joyful View (輕鬆視界)" to introduce eye diseases and disorders and our corresponding drug products.

Specifically, we launched brimonidine tartrate eye drop and Ou Qin in March and April 2020, respectively. For brimonidine tartrate eye drop, we utilize the Joyful View platform to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. In March 2020, we held a webinar on glaucoma treatment hosted by an eminent ophthalmologist on the Joyful View platform. We also plan to host or sponsor academic conferences introducing brimonidine tartrate's efficacy in treating glaucoma. For Ou Qin, we also plant to establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists by sponsoring dry eye-related national and regional conferences, and hosting case-sharing projects and webinars. We also plan to further our collaboration with eye hospitals and assist in the establishment of dry eye clinics in such hospitals. We believe these physician-and patient-oriented commercialization strategies will fuel our business growth and help us build our brand name in China.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) licensors from which we obtained intellectual property rights in respect of our in-licensed drug candidates; and (ii) CROs, who provide third-party contracting services for research and development; (iii) suppliers of other materials for research and development activities, machines and equipment. We select our suppliers by considering their product quality, industry reputation and

compliance with relevant regulations and industry standards. During the Track Record Period, we did not procure raw materials or equipment for commercial manufacturing because the construction of the Suzhou manufacturing facility had not been commenced as of December 31, 2019.

In 2018 and 2019, our purchases from our five largest suppliers in the aggregate accounted for 56.5% and 92.8% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 21.7% and 55.4% of our total purchases, respectively. During the Track Record Period, we had a small number of suppliers. See "Risk Factors—Risks Relating to Our Reliance on Third Parties—We had a limited number of suppliers during the Track Record Period."

The following table sets forth details of our top five suppliers for the period ended December 31, 2018:

Rank	Supplier	Commencement of business relationship	Credit term (days)	Payment method	Purchase amount *(RMB'000)*	Percentage of total purchases *(%)*	Location
1	A (a licensing partner)	December 2018	5-60	Cash payment	22,990.8	55.4	France
2	B (a licensing partner)	November 2018	30-45	Cash payment	11,656.9	28.1	United States
3	C (a CRO)	March 2018	30	Cash payment	1,781.1	4.3	United States
4	D (a CRO)	November 2018	30	Cash payment	1,398.8	3.4	United States
5	E (a workforce solutions provider)	April 2018	3-30	Cash payment	690.7	1.7	PRC

The following table sets forth details of our top five suppliers for the year ended December 31, 2019:

Rank	Supplier	Commencement of business relationship	Credit term (days)	Payment method	Purchase amount *(RMB'000)*	Percentage of total purchases *(%)*	Location
1	F (a product transferor and a CMO)	January 2019	30	Cash payment	25,637.5	21.7	PRC
2	A (a licensing partner)	December 2018	5-60	Cash payment	15,614.5	13.2	France
3	G (a CRO)	November 2019	30	Cash payment	10,000.0	8.4	PRC
4	H (a CRO)	March 2019	30	Cash payment	8,479.1	7.2	PRC
5	B (a licensing partner)	November 2018	30-45	Cash payment	7,157.3	6.0	United States

To the best of our knowledge, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

CUSTOMER

During the Track Record Period, we had only one customer, the designated procurement agent for Boao Super Hospital, where patients were injected. We selected such customer because it was the exclusive supplier for Boao Super Hospital. We had entered into definitive contract for the sales of OT-401 with such customer during the Track Record Period. We sold OT-401 (YUTIQ) to this customer in the Boao Pilot Zone in Hainan Province, taking advantage of favorable policies to import foreign drugs not yet approved in China for urgent medical needs. For details, see "—Our Portfolio—Advanced-Stage Drug Candidates—OT-401 (YUTIQ)—Boao Pilot Program."

We only started recognizing revenue from OT-401 after the approval for admission under the Boao Pilot Program in July 2019. During the Track Record Period, we generated a limited revenue of RMB0.2 million in 2019 only from the sales of OT-401.

To the best of our knowledge, our only customer during the Track Record Period is an Independent Third Party. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in such customer during the Track Record Period.

COMPETITION

The ophthalmic pharmaceutical industry is highly competitive and is characterized by extensive research efforts. See "Industry Overview—Overview of China's Ophthalmic Drug Market—Competitive Landscape of the Ophthalmic Drug Market in China." We believe our comprehensive, innovative and validated ophthalmic drug portfolio, fully integrated research and development platform, specialized manufacturing and commercialization capabilities provide us with strong competitive advantages. We face potential competition from many different entities, including pharmaceutical and biopharmaceutical companies, academic institutions and public and private research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future.

Many of the companies we are competing against or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies or products complementary to, or necessary for, our research and development.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer or more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any drugs that we or our collaborators may develop. Our competitors also may obtain FDA, NMPA or other regulatory approval for their drugs earlier than we obtain approval for ours, which could result in our competitors establishing a strong market position before we or our collaborators are able to enter the market. The key competitive factors affecting the success of all of our drug candidates, if approved, are likely to be their efficacy, safety, convenience and price.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations, and we also maintain commercial insurance for our employees. We maintain insurance for adverse effects in clinical trials, and we do not maintain product liability insurance.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of December 31, 2019:

Function	Number	Percentage of total employees
Commercial	14	34.1%
Regulatory affairs and research	6	14.6%
Medical and clinical development	7	17.1%
Human resource and administrative	5	12.2%
Manufacturing	3	7.3%
Scientific affairs	2	4.9%
Finance	2	4.9%
Management	1	2.4%
Legal	1	2.4%
	41	100.0%

As of the Latest Practicable Date, all of our employees were located in the PRC. In anticipation of the launch of our late-stage drug candidates, we plan to expand our commercial team to about 100 employees by 2021. We also plan to expand our manufacturing team to about 40 employees by 2021 to support the construction and operation of the Suzhou manufacturing facility. We also had six non-employee advisors as of December 31, 2019, who were mainly external experts providing scientific or business advice to us.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key management personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment. Employees also sign acknowledgments regarding assignment of inventions and discoveries made during the course of his or her employment. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. None of our employees are currently represented by labor unions.

Training and Development

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time-to-time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations.

Employee Benefits

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with the relevant laws and regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As of the Latest Practicable Date, we had complied with all statutory social security insurance fund and housing fund obligations in all material aspects.

LAND AND PROPERTIES

As of the Latest Practicable Date, we did not own any properties and we leased a number of properties with an aggregate gross floor area of approximately 3,051 sq.m. in Shanghai, Suzhou, Hangzhou and Beijing for various functions.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protection for commercially important technologies, inventions and know-how related to our business, properly practice and enforce our in-licensed patents, prosecute, maintain and enforce patents that we current own or may own in the future, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of the Latest Practicable Date, we owned one PRC patent and had filed one PRC patent application and one patent application under the PCT. Additionally, there were also 12 granted PRC patents, 10 filed PRC patent applications and 1 filed PCT application by our strategic partners in connection with our clinical and preclinical drug candidates as of the Latest Practicable Date:

Product	Application No.	Title of Invention	Jurisdiction	Patent status	Applicant	Patent expiration	Our market commercial rights
OT-401	CN200480040139.3	Injectable sustained release implant having a bioerodible matrix core and a bioerodible skin	Mainland China	Effective	EyePoint Pharmaceuticals US, Inc.[1]	October 26, 2024	Greater China
OT-101	PCT/FR2019/052487	Dispositif de connexion temporaire de deux recipients (Device for temporarily connecting two containers)	PCT Application	Pending, international Phase[2], expected to be approved between 2026 to 2027	Coradin SAS	October 18, 2039	Global
OT-301	CN200980127115.4	NO donating prostamides	Mainland China	Effective	NICOX S.A.	May 11, 2029	Greater China, Korea and 12 countries in Southeast Asia[3]
	CN201910622356.1	Ophthalmic compositions comprising NO releasing prostamide	Mainland China	Pending, expected to be approved between 2025 to 2026	NICOX S.A.	July 10, 2039	
OT-502	CN200580039775.9	Conveniently implantable sustained release drug compositions	Mainland China	Effective	Ramscor, Inc.[4]	September 27, 2025	Greater China
	CN201010169341.3	Conveniently implantable sustained release drug compositions	Mainland China	Effective	Ramscor, Inc.[4]	September 27, 2025	
	CN201480041856.1	Use of sustained release dexamethasone in post-cataract surgery inflammation	Mainland China	Effective	Icon Bioscience, Inc.[5]	May 23, 2034	
	CN201910639315.3	Dexamethasone unit dosage form, kit and use in post-cataract surgery inflammation	Mainland China	Pending, expected to be approved between 2024 to 2025	Icon Bioscience, Inc.[5]	May 23, 2034	
	CN201280020478.X	Dose guides for injection syringe	Mainland China	Effective	Icon Bioscience, Inc.[5]	April 25, 2032	

Product	Application No.	Title of Invention	Jurisdiction	Patent status	Applicant	Patent expiration	Our market commercial rights
OT-202	PCT/CN2020/076414	1H-pyrazole derivatives as a certain targeted inhibitor of tyrosine kinases and the use thereof	PCT Application	Pending, international Phase[2], expected to be approved between 2026 to 2027	Suzhou Ocumension Biotech Co., Ltd.	February 24, 2040	Global
OT-503	CN201380030423.1	Preparations of hydrophobic therapeutic agents, methods of manufacture and use thereof	Mainland China	Effective	Nicox Ophthalmics Inc.	May 6, 2033	Greater China
	CN201711181360.6	Preparations of hydrophobic therapeutic agents, methods of manufacture and use thereof	Mainland China	Pending, expected to be approved between 2021 to 2022	Nicox Ophthalmics Inc.	May 6, 2033	
OT-1301	CN200610068571.4	Slow-release drugs implanted in the eye	Mainland China	Effective	Suzhou Ocumension Biotech Co., Ltd.	August 23, 2026	Global
OT-1601 and OT-1602	CN03805596.1	Method of inducing differentiation of bone marrow stromal cells to neural cells or skeletal muscle cells by introduction of NOTCH gene	Mainland China	Effective	SanBio, Inc.	February 6, 2023	Greater China
	CN200910147488.X	Method of inducing differentiation of bone marrow stromal cells to neural cells or skeletal muscle cells by introduction of NOTCH gene	Mainland China	Effective	SanBio, Inc.	February 6, 2023	
	CN200580010978.5	Cells exhibiting neuronal progenitor cell characteristics	Mainland China	Effective	SanBio, Inc.	April 7, 2025	

Product	Application No.	Title of Invention	Jurisdiction	Patent status	Applicant	Patent expiration	Our market commercial rights
	CN200880103528.4	Methods and compositions for treating neural degeneration	Mainland China	Effective	SanBio, Inc.	August 14, 2028	
	CN200980115902.7	Neural regenerating cells with alterations in DNA methylation	Mainland China	Effective	SanBio, Inc.	April 30, 2029	
	CN201280024630.1	Methods and compositions for modulating peripheral immune function	Mainland China	Effective	SanBio, Inc.	April 6, 2032	
	CN201611001568.0	Methods and compositions for modulating peripheral immune function	Mainland China	Pending, expected to be approved between 2021 to 2022	SanBio, Inc.	April 6, 2032	
	CN201710902138.4	Neurogenic and gliogenic factors and assays therefor	Mainland China	Pending, expected to be approved between 2022 to 2023	SanBio, Inc.	August 20, 2032	
	CN201380025599.8	Methods and compositions for treatment of traumatic brain injury and for modulation of migration of neurogenic cells	Mainland China	Effective	SanBio, Inc.; University of South Florida	March 13, 2033	
	CN201910165600.6	Methods and compositions for treatment of traumatic brain injury and for modulation of migration of neurogenic cells	Mainland China	Pending, expected to be approved between 2025 to 2026	SanBio, Inc.; University of South Florida	March 13, 2033	
	CN201680020284.8	Methods and compositions for stimulation of cell proliferation and provision of biologically active mixtures of FGF2 isoforms	Mainland China	Pending, expected to be approved between 2022 to 2023	SanBio, Inc.	April 1, 2036	
	CN201780081485.3	Cell delivery system and methods of operation thereof	Mainland China	Pending, expected to be approved between 2023 to 2024	SanBio, Inc.	December 22, 2037	

Product	Application No.	Title of Invention	Jurisdiction	Patent status	Applicant	Patent expiration	Our market commercial rights
	CN201580065072.7	Induction medium and methods for stem cell culture and therapy	Mainland China	Pending, expected to be approved between 2022 to 2023	SanBio, Inc.	September 24, 2035	
	CN201780034143.6	Medium, methods, cells and secreted factors for stem cell culture and therapy	Mainland China	Pending, expected to be approved between 2024 to 2025	SanBio, Inc.	March 30, 2037	
	CN202030126171.5	Bottle	Mainland China	Pending, expected to be approved in 2020	Suzhou Ocumension Biotech Co., Ltd.	April 3, 2030	Global

Notes:

1 EyePoint Pharmaceuticals US, Inc. licenses this patent to EyePoint who sublicenses it to us under the OT-401 License Agreement. Under the OT-401 License Agreement, neither we nor EyePoint may make an assignment of the agreement without the other party's prior written consent, except to an affiliate or in the event of a change of control. In any event, any permitted assignment will be binding on the successors of the assigning party. Further, under the OT-401 License Agreement, if EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)."

2 These PCT applications were filed to the World Intellectual Property Organization, or the WIPO, under the Patent Cooperation Treaty, or the PCT, and were in the international phase as of the Latest Practicable Date. The international phase is normally considered to be the period between the filing date and 30 months since the priority date, the date of filing the first patent application. During the international phase, the WIPO conducts formality examination, international searches and other review procedures for the applications. To obtain patent rights in certain jurisdictions, applicants need to apply the relevant application to enter the national phase of such jurisdictions before the end of the international phase.

3 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea, Timor Leste and Vietnam.

4 Ramscor, Inc. licenses these patents to Icon Bioscience, Inc. who sublicenses the patents to EyePoint, and EyePoint sublicenses the patents to us under the Dexycu License Agreement.

5 Icon Bioscience, Inc. licenses these patents and patent application to EyePoint who sublicenses the patents and patent application to us under the Dexycu License Agreement.

The term of individual patents depends on the legal term for patents in the jurisdictions in which they are granted. In most jurisdictions, the patent term for inventions is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable jurisdiction.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our consultants, scientific advisors, contractors, and invention assignment arrangements with our employees. We have entered into confidentiality agreements with our senior management and certain key members of our research and development team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we enter into with each of our employees, contains an assignment clause, under which employees assign to us the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. The contracts with our key management personnel typically include a standard non-compete agreement. However, these agreements may not provide sufficient protection of our trade secrets and/or confidential information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk Factors—Risks Relating to Our Intellectual Property Rights."

We conduct our business under the tradename "OcuMension" ("歐康維視"). As of the Latest Practicable Date, we had registered 30 trademarks in the PRC, 9 trademarks in Hong Kong and 21 trademarks in Taiwan, and we were also the registered owner of one domain name.

We enter into collaboration agreements and other relationships with pharmaceutical companies and other industry participants to leverage our intellectual property and gain access to the intellectual property of others. See "—Collaboration and License Arrangements." We have registered "优施莹," the Chinese trademark of YUTIQ, in the PRC. For all the other in-licensed products in our portfolio, we will also register their Chinese trademarks when they are commercialized in China.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we had not been a party to any actual or threatened material legal or administrative proceedings, and our Directors had not been involved in any such proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental, health and safety (EHS) policies and operating procedures relating to waste treatment, process safety management, worker health and safety requirements and emergency planning and response. We established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. We ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes.

Our EHS function is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through formulation and implementation of EHS policies and procedures, EHS audits and incident response planning. We have not had any significant workplace accidents in the history of our Company.

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations.

Company name	Qualification	Status
Ocumension Shanghai	Business license	Effective until May 2048
Ocumension Suzhou	Business license	Effective until February 2050
Ocumension Zhejiang	Business License	Effective until May 2040

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the PRC and global pharmaceutical markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other ophthalmic pharmaceutical companies. See "Risk Factors." We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information—Market and Other Financial Risks—Market Risks."

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our Group's approach to risk management and internal control:

Our senior management oversees and manages the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operations and our management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across our Group.

Our legal department is responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control during the period from February 2020 to April 2020 of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, sales and sales proceeds management, procurement, accounts payable and payment, fixed assets, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, tax management, insurance management, IP management, research and development and intangible assets, and sales expenses management. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operation and we provide periodic training about these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of these measures and procedures.

- We maintain strict codes of conduct for our sales and marketing personnel. For example, we formulated detailed guidelines for promoting our drug products. Our sales and marketing personnel are not allowed to promote drugs for unapproved uses or patient populations, and they are required to avoid using terms or phrases which may exaggerate the effectiveness of our drugs or mislead the patients. Additionally, our sales and marketing personnel are required to make detailed records of any payments made for business purposes and must submit receipts to our accounting department. We also enforce strict restrictions on sponsoring scientific and educational activities, and we establish review and internal approval procedures for proposals of such sponsorships. Furthermore, our sales and marketing personnel are trained to identify potential conflicts of interests in business interactions with suppliers, medical professional, patients, government officers and other external parties. Our sales and marketing personnel are required to report to their immediate or higher-level supervisors when any potential conflict of interests is identified. The supervisors are required to report to the legal department or our senior management if any material conflict of interests is identified.

- We provide various training programs to keep our employees updated of relevant laws, regulations and policies. Our new employees are required to attend compliance training programs soon after on-boarding, and must pass tests which examine their understanding of the compliance issues addressed by the training programs. Our employees are also required to regularly attend further onsite and online training sessions to keep them informed of the recent updates in the relevant laws and regulations. We also establish a consultation platform answering questions from our employees in relation to compliance issues.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our compliance advisor, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We plan to establish an audit committee upon the [**REDACTED**], which will (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group.

BOARD OF DIRECTORS

As of the date of this document, our Board of Directors consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Date of Joining our Group	Date of Appointment as a Director	Position	Roles and Responsibilities
Dr. Lian Yong CHEN	57	February 27, 2018	May 23, 2018	Chairman of the Board and executive Director	Providing overall guidance on the business and strategic development and the management of our Group
Mr. Ye LIU	48	August 1, 2018	November 23, 2018	Executive Director and CEO	Overall strategic planning, business direction and daily management
Dr. Zhaopeng HU (胡兆鹏)	47	September 3, 2018	April 24, 2020	Executive Director	Participating in strategic planning and management of CMC and regulatory affairs
Dr. Wei LI	48	February 27, 2018	April 13, 2018	Executive Director	Participating in the formulation of Company's corporate and business strategies and the management
Mr. Yanling CAO (曹彦凌)	36	June 18, 2019	June 18, 2019	Non-executive Director	Participating in formulating the Company's corporate and business strategies

Name	Age	Date of Joining our Group	Date of Appointment as a Director	Position	Roles and Responsibilities
Mr. Lefei SUN (孫樂非)	41	April 24, 2020	April 24, 2020	Non-executive Director	Participating in formulating the Company's corporate and business strategies
Mr. Ting Yuk Anthony WU (胡定旭)	65	[●]	[●]	Independent non-executive Director	Supervising and providing independent judgment to our Board
Mr. Lianming HE (何連明)	55	[●]	[●]	Independent non-executive Director	Supervising and providing independent judgment to our Board
Mr. Yiran HUANG (黃翼然)	65	[●]	[●]	Independent non-executive Director	Supervising and providing independent judgment to our Board

Executive Directors

Dr. Lian Yong CHEN, aged 57, has been the Chairman of the Board and a Director since May 23, 2018. He was appointed as a non-executive Director on May 23, 2018 and was re-designated as an executive Director on April 28, 2020. Dr. Chen is responsible for providing overall guidance on the business and strategic development and the management of our Group.

Dr. Chen has over 20 years of experience in the life sciences industry. He is currently the founding managing partner and CEO of 6 Dimensions Capital. He has been the founder and managing partner at Frontline BioVentures since 2012 and a partner at FIL Capital Management (Hong Kong) Limited in Asia from May 2008 to March 2014.

Dr. Chen has been a director of 111, Inc. (111集團), a company listed on the Nasdaq Stock Market (stock code: YI.NASDAQ), since May 2019. He has been a director of Shanghai Hile Bio-Technology Co. Ltd. (上海海利生物技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603718) since December 2014. He has been a non-executive Director of CStone Pharmaceuticals (基石藥業), a company listed on the Stock Exchange (stock code: 2616) since October 2018. Dr. Chen was appointed as a non-executive director of

Hua Medicine (華領醫藥), a company listed on the Stock Exchange (stock code: 2552), in January 2015. He has also been a director of Hua Medicine Technology (Hong Kong) Limited (華領醫藥技術(香港)有限公司) since January 2015 and Hua Medicine (Shanghai) Co., Ltd. (華領醫藥技術(上海)有限公司) from April 2014 to April 2016 and from August 2018 onwards, both of which are subsidiaries of Hua Medicine.

Dr. Chen conducted postdoctoral research in chemistry at the Massachusetts Institute of Technology in the United States from August 1991 to December 1992 after obtaining his Ph.D. in chemistry (with top honor) from the University of Louvain, located in Louvain-la-Neuve, Belgium, in June 1991. He graduated from Peking University (北京大學) majoring in chemistry in Beijing, China in July 1984.

Mr. Ye LIU, aged 48, joined our Group as CEO on August 1, 2018 has been our executive Director since November 23, 2018. Mr. Liu is responsible for overall strategic planning, business direction and daily management of the Company.

Mr. Liu has over 20 years of experience in the pharmaceutical industry. Prior to joining our Group, he served as the chairman and general manager in Santen Pharmaceutical (China) Co., Ltd. (參天製藥(中國)有限公司) from October 2014 to July 2018. From February 2009 to September 2014, Mr. Liu served as the head of pharmaceutical affair division and later became the general manager of Eisai (China) Inc. (衛材(中國)藥業有限公司), responsible for the management of pharmaceutical affairs and development, and the overall corporate operation, respectively. From October 2006 to February 2009, Mr. Liu held positions including the national sales, senior business development manager, and the head of sales in Sandoz China Pharmaceutical Co., Ltd. (山德士(中國)製藥有限公司), responsible for marketing, sales and business development.

Mr. Liu obtained his Master of Science in pharmacology from Dalhousie University in Canada in August 2003. He graduated with a Bachelor of Science in pharmaceutical chemistry from Shanghai Medical University (上海醫科大學), in Shanghai, China in July 1993.

Dr. Zhaopeng HU, aged 47, joined our Group in September 3, 2018 as the vice president of regulatory affairs, and has been our executive Director since April 24, 2020, our chief development officer since June 1, 2020. Dr. Hu is primarily responsible for participating in strategic planning and management of CMC and regulatory affairs.

Dr. Hu has around 20 years of experience in pharmaceutical industry. From July 2006 to August 2018, he held positions including plant technique and registration group manager, registration and pharmaceutical department director, clinical development department director and internal audit department director in Santen Pharmaceutical (China) Co., Ltd., mainly responsible for clinical development compliance and other drug-related regulations and compliance.

Dr. Hu obtained his doctorate degree in pharmacokinetics in March 2002 and his master's degree in pharmaceutics in March 1999 from Kyoto Pharmaceutical University in Japan. He obtained his bachelor's degree in pharmacy in Shenyang Pharmaceutical University in China (瀋陽藥科大學) in July 1996.

Dr. Wei LI, aged 48, has been a Director since April 13, 2018. He was appointed as a non-executive Director on April 13, 2018 and was re-designated as an executive Director on April 28, 2020. Dr, Li is primarily responsible for participating in the formulation of Company's corporate and business strategies and the management.

Dr. Li has over 20 years of experience in the biotech industry. He is a founding partner of Creacion Ventures L.P. He has served as the Managing Partner of 6 Dimensions Capital since October 2017 and is a founding partner and the managing partner at WuXi Healthcare Ventures since July 2015. He has also been a non-executive director of CStone Pharmaceuticals (stock code: 2616.HK) since October 2018.

During his scientific research career, Dr. Li has first-authored numerous scientific publications in journals including Science, Proceedings of the National Academy of Sciences, and Journal of Biological Chemistry.

Dr. Li received a Ph.D. in chemistry from Harvard University in the United States in November 1998, and an MBA from the J. L. Kellogg School of Management at Northwestern University in the United States in June 2003. He graduated with a Bachelor of Science in chemical physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, China in July 1993.

Non-executive Directors

Mr. Yanling CAO, aged 36, has been a non-executive Director since June 18, 2019. Mr. Cao is primarily responsible for participating in formulating the Company's corporate and business strategies.

Mr. Cao has over 10 years of experience in private equity investment and management. He served as a senior investment manager of General Atlantic LLC, a company primarily engaged in private equity and venture capital investment, and was responsible for development, execution and management of equity investment from December 2007 to January 2011. He is one of the founding members of Boyu Capital Group Management Ltd. since March 2011 and is currently serving as a partner, mainly responsible for investments in the healthcare industry. Mr. Cao served as a non-executive director of CStone Pharmaceuticals (stock code: 2616.HK) from April 2016 to March 2017 and has been a non-executive director since May 2019. He has been a non-executive director of Wuxi Biologics (Cayman) Inc. (藥明生物技術有限公司) (stock code: 2269. HK) since May 2016. He has also been a non-executive director of Viela Bio, Inc. (stock code: VIE. NASDAQ) since February 2018.

Mr. Cao obtained a bachelor's degree in economics and mathematics from Middlebury College in the United States in May 2006.

Mr. Lefei SUN, aged 41, has been a non-executive Director since April 24, 2020. Mr. Sun is primarily responsible for participating in formulating the Company's corporate and business strategies.

Mr. Sun has been a non-executive director of Hong Kong Asia Medical Holding Limited (香港亞洲醫療股份有限公司), a leading hospital management group in Asia with hospital assets such as Wuhan Asia Heart Hospital (武漢亞洲心臟病醫院), from November 2018. He is also a non-executive director of various biotech companies such as Adagene Inc. and CANbridge Pharmaceuticals Inc.

Mr. Sun has served as head of China healthcare at General Atlantic since May 2018, and has been a managing director from January 2020, in charge of private equity investment and portfolio management in healthcare and life sciences sectors. From December 2014 to April 2018, Mr. Sun was a founding partner and a member of investment committee of Beijing HuaTai Ruihe Investment Fund Management Company (LLP) (北京華泰瑞合投資基金管理合夥企業(有限合夥), also known as Huatai Healthcare Investment Fund (華泰醫療產業投資基金).

Mr. Sun obtained his master's degree in neurosciences from Johns Hopkins University School of Medicine in the United States in May 2006, and his bachelor's degree in basic sciences from Tsinghua University (清華大學) in Beijing, China in July 2002.

Independent non-executive Directors

Mr. Ting Yuk Anthony WU, aged 65, has been an independent non-executive Director of the Company since [●]. Mr. Wu is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Wu is a leader in the healthcare industry and has extensive management experience in medical system. He joined the Hong Kong Hospital Authority in 1999 and was formerly its chairman from 2004 to 2013. He is the longest-serving chairman of the Hospital Authority. He had led the team of the Hospital Authority to manage all public hospitals and public clinics in Hong Kong and implement the public health policy of the Hong Kong Government. He had also actively promoted a number of public and private medical co-operation projects during his tenure. Mr. Wu is currently an advisor to the Public Policy Advisory Committee of the National Health Commission of, the principal advisor for international cooperation to the State Administration of Traditional Chinese Medicine of the People's Republic of China and a member of the Chinese Medicine Reform and Development Advisory Committee. He was a member of the State Council's Medical Reform Leadership Advisory Committee.

Other important public positions that Mr. Wu has served include a member of the 9th, 10th and 11th of, and a standing committee member of the 12th and 13th of the National Committee of the Chinese People's Political Consultative Conference, and a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development and the Task Force on Land Supply of the Hong Kong SAR, and has been awarded Gold Bauhinia Star and Justice of the Peace by the government of Hong Kong SAR. Mr. Wu was a member of the General Committee of the Hong Kong General Chamber of Commerce from 2000 to 2017, served as its chairman from 2010 to 2012, and is currently a member of its Council. Mr. Wu was a director of the Fidelity Funds from 2011 to 2014 and was the chairman of Bauhinia Foundation Research Centre from 2007 to 2012. Mr. Wu was a partner of Ernst & Young ("EY") from July 1985 to December 2005, and served as chairman of the EY's Far East Region from 2000 to 2005. He was also the chief advisor to MUFG Bank, Ltd., the chairman of The Board of Trustees of China Oxford Scholarship Fund, an honorary professor of the Faculty of Medicine of the Chinese University of Hong Kong and the Peking Union Medical College Hospital, and an honorary fellow of the Hong Kong College of Community Medicine.

Mr. Wu has directorships in certain Hong Kong listed companies. He is an independent non-executive director of Power Assets Holdings Limited (電能實業有限公司) (stock code: 0006), Guangdong Investment Limited (粵海投資有限公司) (stock code: 0270) and China Taiping Insurance Holdings Company (中國太平保險控股有限公司) Limited (stock code: 0966), the chairman and independent non-executive director of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司) (stock code: 1515) and the independent non-executive director of CStone Pharmaceuticals (stock code: 2616.HK) and Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司) (stock code: 2500). He was an independent non-executive director of Agricultural Bank of China Limited (中國農業銀行股份有限公司) (stock code: 1288) from January 2009 to June 2015. He was an executive director of Sincere Watch (Hong Kong) Limited (先施表行(香港)有限公司) (stock code: 0444) from March 2015 to August 2018.

Mr. Wu confirmed that he is able to devote sufficient time to act as our independent non-executive Director, though he's currently engaged as independent non-executive director of six companies listed on the Stock Exchange, based on the following:

- Mr. Wu is neither a full time member of these companies nor involved in the daily operations or management of such companies. As such, he has no executive and management responsibility therein;

- Mr. Wu is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of these listed companies. He has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings for such listed companies during the respective latest financial period since his appointment date;

- with his background and experience, Mr. Wu is fully aware of the responsibilities and expected time involvements for independent non-executive director. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company; and

- Mr. Wu's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, thus his engagement as our independent non-executive Director will not require his full-time participation.

Based on the foregoing, our Directors do not have reasons to believe that the various positions currently held by Mr. Wu will result in Mr. Wu not having sufficient time to act as our independent non-executive Director, chairman of the Audit Committee and member of the Remuneration Committee or not properly discharging his fiduciary duties. The Board is of the view that Mr. Wu is capable for the roles as an independent non-executive Director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Wu completed a foundation course in accountancy at the then Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu is a fellow of Hong Kong Institute of Certified Public Accounts ("HKICPA") and the Institute of Chartered Accountants in England and Wales ("ICAEW"), and the honorary chairman of the Institute of Certified Management Accountants (Australia) Hong Kong Branch.

On December 24, 2013, the Disciplinary Committee of the HKICPA found Mr. Wu's failure to observe, maintain or otherwise apply the requirements of the HKICPA in preserving the appearance of independence by acting as an independent financial advisor on behalf of EY to a non-listed company whilst also being a senior partner of EY who acted as auditors of such company in respect of the financial years ended December 31, 1995 to December 31, 1997, and is therefore a deemed auditor of that company under the Companies Ordinance, to be a professional misconduct (the "**Incident**"). Mr. Wu was ordered to pay a penalty of HK$250,000, had his name removed from the register for a period of two years from July 23, 2014, and together with the other respondents, was ordered to pay the costs of HK$2 million to the HKICPA. This incident was then referred to the ICAEW by the HKICPA in 2014, and was dismissed by the ICAEW in 2017.

The Board is of the view that the Incident does not affect Mr. Wu's suitability to act as an independent non-executive Director of the Company for the following reasons:

(a) The Incident took place over 20 years ago and was in relation to the "appearance" of independence which does not impair the character and integrity of Mr. Wu. The decision by the ICAEW, one of the oldest and most respectable accounting bodies in the world, to dismiss the case is the best endorsement;

(b) Mr. Wu's contribution to the companies listed on the Stock Exchange, of which he currently is or has acted as a director has been widely recognized, despite the Incident; and

(c) The perspective, skills and experience of Mr. Wu in relation to his professional career and public services that can be brought to the Board will benefit the future advancement and strategy of the Company.

Mr. Lianming HE, aged 55, has been an independent non-executive Director of the Company since [●]. Mr. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. He has over 30 years of experience as a lawyer. He is currently a senior partner at TMI Associates, a law firm in Japan. Mr. He was appointed as an adjunct professor by China University of Political Science and Law (中國政法大學) in May 2019.

Mr. He has been an overseas committee member of the All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) since September 2018. He served as a legal adviser of Embassy of the People's Republic of China in Japan (中華人民共和國駐日本大使館) from August 2005 to May 2019. He has also served as the honorary president of Association of China Lawyers in Japan since December 2018. In addition, Mr. He was a visiting professor at the law school of Senshu University from April 2004 to March 2008.

Mr. He was qualified as a lawyer in China in 1989 and was registered as a foreign lawyer in Japan in 1999. He obtained his master's degree in law from Chuo University in Japan in March 1999 and his bachelor's degree in law from China University of Political Science and Law in July 1988.

Mr. Yiran HUANG, aged 65, has been an independent non-executive Director of the Company since [●]. Mr. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Huang is currently a professor of urology, chief physician and doctoral supervisor of Renji Hospital (上海交通大學醫學院附屬仁濟醫院). He is also a leading committee member of the committee of urology of Shanghai Association of Social Medical Institutions (上海市社會醫療機構協會), a standing committee member of the urology branch of Chinese Medical Association (中華醫學會), and the founder of Yiran Education Foundation (翼然教育基金會).

From May 2016 to December 2019, Mr. Huang was the chairman of Shanghai International Medical Center (上海國際醫學中心). From June 2009 to January 2015, Mr. Huang served as vice chairman of the Renji Hospital. From April 2001 to April 2016, he served as director of the urology department of the Renji Hospital.

Mr. Huang obtained his master's degree in urology from Shanghai Second Medical University (上海第二醫科大學) in July 1989. He graduated with a Bachelor of Medicine from Jiangxi Medical College (江西醫學院) in December 1982.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Date of Joining our Group	Date of Appointment	Position	Roles and Responsibilities
Mr. Ye LIU	48	August 1, 2018	August 1, 2018	CEO and executive Director	Overall strategic planning, business direction and daily management
Dr. Zhaopeng HU (胡兆鵬)	47	September 3, 2018	June 1, 2020	Chief development officer	Responsible for CMC and regulatory affairs
Dr. Changdong LIU	59	July 10, 2018	October 28, 2019	Chief scientific officer	Leading scientific research and development
Dr. DongHong CHEN	49	October 28, 2019	October 28, 2019	Chief medical officer	Leading clinical development
Mr. Qinglei ZUO (左清磊)	36	September 3, 2018	September 3, 2018	Vice president of commercialization	Responsible for drug commercialization

Mr. Ye LIU, aged 48, has been our CEO since August 1, 2018. For further details, please see the paragraphs headed "—Board of Directors—Executive Directors" in this section.

Dr. Zhaopeng HU, aged 47, has been our chief development officer since June 1, 2020. For further details, please see the paragraphs headed "—Board of Directors—Executive Directors" in this section.

Dr. Changdong LIU, aged 59, has been our chief scientific officer since October 28, 2019, responsible for leading scientific research and development.

Dr. Liu has around 35 years of experience in the biotech industry and ophthalmology. Dr. Liu joined our Group on July 10, 2018 and served as our chief medical officer before he was appointed as our chief scientific officer. Prior to joining our Group, from August 2016 to June

2018, he held positions including head of clinical oncology and vice president of clinical development in Livzon Mabpharm Inc. (珠海市麗珠單抗生物技術有限公司), responsible for clinical development and clinical trial execution. From December 2015 to July 2016, he served as chief medical officer and senior vice president in Qilu Pharmaceutical Co., Ltd. (齊魯製藥有限公司), responsible for clinical development and clinical trial management. From November 2014 to December 2015, he served as senior vice president of clinical development department in Bio-Thera Solution, Ltd. (百奧泰生物製藥股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 688177), responsible for product development and clinical development. From 2002 to 2014, he served in Alcon AG, a company listed on the Switzerland Exchange (stock code: ALC), in Fort Worth, United States, and later became the clinical lead, responsible for global clinical and regulatory affairs.

Dr. Liu served as a senior research scientist from 1999 to 2002 at University of Pennsylvania and conducted postdoctoral research in ophthalmology from 1995 to 1999 at the University of Pennsylvania, after serving as an ophthalmologist at Wuhan University Hospital (武漢大學附屬醫院) from 1991 to 1995, at General Military Hospital of Nanjing (南京軍區總醫院) from 1989 to 1990 and at Wuhan Union Hospital (華中科技大學同濟醫學院附屬協和醫院) from 1983 to 1988. Dr. Liu obtained his Master of Medicine in ophthalmology (comparable to master's degree in medical sciences with specification in ophthalmology in the United States) and his Bachelor of Medicine (comparable to Doctor of Medicine in the United States) from Tongji Medical University (同濟醫科大學) in June 1988 and August 1983, respectively.

Dr. DongHong CHEN, aged 49, has been our chief medical officer since October 28, 2019, responsible for leading clinical development.

Dr. Chen has around 30 years of experience in ophthalmology. From March 2016 to October 2019, she served as head of clinical development and medical affairs in Alcon Hong Kong Ltd., primarily responsible for clinical development and medical affairs in Hong Kong and Korea. From March 2015 to April 2016, she served as deputy general manager of R&D department in Vanway Pharmaceutical Holdings Ltd (宏威製藥集團有限公司), responsible for strategy planning of the department. From February 2013 to December 2014, she served as APAC medical director and clinical advisor in STAAR Surgical Company, a company listed on Nasdaq Stock Market (stock code: STAA), responsible for leading company's clinical and medical activities in APAC. From November 2010 to January 2013, she served as a senior scientist in GlaxoSmithKline (China) R&D Company Limited (葛蘭素史克(上海)醫藥研發有限公司), primarily responsible for clinical research and studies in ophthalmology. From March 2006 to August 2010, she served as a senior scientist in Wellstat Ophthalmics Corporation, responsible for designing and conducting preclinical and clinical research in ophthalmic diseases. Dr. Chen served as an eye surgeon at The First Hospital of Yangzhou (揚州市第一人民醫院) from September 1997 to July 2000. She also served as head of resident ophthalmologist between March 2002 and March 2003 in Eye & ENT Hospital of Fudan University (復旦大學附屬眼耳鼻喉醫院).

From 2003 to 2005, Dr. Chen conducted postdoctoral research in ophthalmology successively at the University of Miami and Emory University. Dr. Chen obtained her Doctor of Medicine in clinical ophthalmology from Fudan University Medical School (復旦大學醫學

院) in June 2003. She obtained her master's degree in clinical ophthalmology from Nanjing Medical University (南京醫科大學) in July 1997. She graduated from Yangzhou Medical College (揚州醫學院) majoring in medicine in Yangzhou, China in July 1991.

Mr. Qinglei ZUO, aged 36, has been our vice president of commercialization since September 3, 2018, responsible for drug commercialization.

Prior to joining our Group, Mr. Zuo held positions including manager of business development department, director of business development department and head of sales of the pharmaceutical department of Santen Pharmaceutical (China) Co., Ltd. from April 2015 to August 2018. From October 2010 to March 2015, he successively served as associate product manager and district sales manager of gastrointestinal and liver diseases department in Eisai (China) Inc., where he was responsible for sales of drugs. From June 2009 to September 2010, he served as a preclinical project manager of R&D department in Shanghai Hengrui Pharmaceutical Co., Ltd. (上海恒瑞醫藥有限公司).

Mr. Zuo obtained his master's degree in pharmacology in Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院) in May 2009. He graduated with bachelor's degree in pharmacy from Yantai University (煙臺大學) in June 2006.

Directors' and Senior Management's Interests

Save as disclosed above, none of our Directors or senior management members has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests in the Shares held by Mr. Ye LIU and Dr. Zhaopeng HU, which are disclosed in the section headed "Statutory and General Information—C. Further Information about Our Directors" in Appendix IV in this document, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

As of the Latest Practicable Date, none of our Directors or senior management is related to other Directors or senior management of our Company.

ADVISORS

Our Company is backed by external scientists serving as our advisors, being Dr. Qin XIE (謝沁) and Dr. Steven Brian LANDAU, who are primarily responsible for promotion of the Company's products outside of the PRC and sourcing potential in-license opportunities of ophthalmic drugs globally. Dr. Xie and Dr. Landau were also members of the incubation team for the development the Ocumension Platform before our Company was established.

Dr. Qin XIE, aged 39, has been our advisor since February 27, 2018.

Dr. Xie has been a managing director of Frontline Bioventures (Shanghai) Limited (崇凱創業投資諮詢(上海)有限公司) (the management company of 6 Dimensions Capital) since March 2020. She served at 6 Dimensions Capital from January 2016 to February 2020. From January 2013 to December 2015, Dr. Xie served as a business development manager in Hisun Pfizer Pharmaceuticals Co., Ltd. (海正輝瑞製藥有限公司). Dr. Xie served as a senior investment manager in Shanghai Pharmaceuticals Holding Co. Ltd. (上海醫藥集團股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601607) and the Stock Exchange (stock code: 2607), from November 2010 to December 2012.

Dr. Xie received her doctorate degree in pharmacology and Master of Science in pharmacology from University of Oxford in the United Kingdoms in April 2011 and September 2004, respectively. She graduated with a Bachelor of Medicine in clinical medicine from the Xi'an Jiaotong University (西安交通大學) in Xian, China in July 2003.

Dr. Steven Brian LANDAU, aged 59, has been our advisor since February 27, 2018.

Dr. Landau has approximately 20 years of experience in biotechnology industry. He is currently a consultant to Transcenta Therapeutics, Inc. and an adjunct professor at Case Western Reserve University with other consulting engagements. He also had positions in various biotech companies, including Convelo Therapeutics, Hangzhou JUST Biotherapeutics Co., Ltd. (杭州奕安濟世生物藥業有限公司) and Dynogen Pharmaceuticals.

Dr. Landau completed his post-graduate training in medicine at the Beth Israel Hospital in 1989. He obtained his Medical Doctor from Case Western Reserve University in the United States in May 1986 and is a member of Alpha Omega Alpha and his bachelor's degree in Chemistry from Bowdoin College in June 1982 graduating Summa Cum Laude and a member of Phi Beta Kappa.

JOINT COMPANY SECRETARIES

Ms. Yun JI (季芸), aged 34, was appointed as our company secretary on April 28, 2020. Ms. Ji has been our strategic project director since February 27, 2020, responsible for execution of our strategic market capitalization projects. Prior to joining our Group, she served as head manager of board of directors office in Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司) from September 2012 to February 2020, a company listed on

Shanghai Stock Exchange (stock code: 601607) and the Stock Exchange (stock code: 2607), leading a team responsible for corporate governance, public disclosure, investor relations management and other securities affairs.

Ms. Ji obtained her bachelor's degree in business administration from Beijing Foreign Studies University in Beijing, China in July 2007.

Ms. Pui Chun Hannah SUEN (孫佩真), aged 42, was appointed as our company secretary on March 12, 2020. Ms. Suen joined Vistra Corporate Services (HK) Limited, a corporate services provider, since August 2014 and currently serves as a manager of corporate services. She has over thirteen years of experience in providing full range of company secretarial services and is currently serving a portfolio of clients including public listed companies, multinational corporations and private companies. She is currently the company secretary of Peijia Medical Limited, a Main Board listed company in Hong Kong (stock code: 9996).

Ms. Suen has been an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute in United Kingdom since November 2019.

Ms. Suen obtained her master's degree in Corporate Governance from the Open University of Hong Kong in August 2019 and her bachelor's degree in Translation and Interpretation from the City University of Hong Kong in November 2000.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, and (ii) a confidentiality and non-competition agreement with our senior management members and other key personnel. We normally enter into five- or three-year employment contract with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Confidentiality

- *Scope of confidential information.* Information the employee shall keep confidential includes but is not limited to: inventions, trade secrets, confidential information, knowledge or data of the Company, or any of its clients, customers, consultants, shareholders, licensees, licensors, vendors or affiliates, that the employee may produce, obtain or otherwise acquire or have access to during the course of his employment by the Company.

- *Confidential obligation.* The employee shall (i) keep confidential information in confidence and shall not directly or indirectly use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of confidential information to any entity or person whatsoever; (ii) refrain from any action or conduct which might be reasonably expected

to compromise the confidentiality or proprietary nature of the confidential information; and (iii) follow good faith recommendations made by the Board of Directors of the Company from time to time regarding confidential information.

- *Confidential period.* The confidentiality obligation shall continue to be in effect after the departure of the employee.

Inventions

- *Scope of inventions*. Inventions, discoveries, ideas, designs, copyrightable works, original works of authorship, developments, improvements, concepts, technical methods, know-how, trade secrets, and other productions or items containing intellectual properties of any nature, whether or not patentable or otherwise registrable under the laws of any jurisdictions, and whether or not reduced to practice, made or conceived by the employee, whether solely by the employee or jointly with others, during the period of the employee's employment with the Company, (i) that relate in any manner to the actual or demonstrably anticipated business, work, or research and development of the Company, its affiliates or subsidiaries, or (ii) that are developed in whole or in part on the Company's time or using the Company's equipment, supplies, facilities or confidential information, or (iii) that result from or are suggested by any task assigned to the employee or any work performed by the employee for or on behalf of the Company, its affiliates or subsidiaries or within the scope of the employee's duties and responsibilities with the Company, its affiliates or subsidiaries, and within five years after termination of the employee's employment with the Company that are based upon any confidential information of the Company.

- *Assignment of inventions.* The Company shall have a complete, absolute and exclusive right, title, and interest in and for any and all of such inventions.

Non-competition clause

- *Non-competition obligation.* The employee shall not engage directly or indirectly in any work, employment, consulting or other services for remuneration of any kind for any other person or business entity whose products are with substantially similar indications as the existing products of the Company or its subsidiaries at the time of termination of the employment, or engage in any other activities which conflict with the obligations to the Company.

- *Term and Scope.* The non-competition obligation is effective during and for 24 months after the employee's employment within the territory of China and any other countries or regions in which the Company or any of its affiliates or subsidiaries has legal presence and has conducted business or is in the process of establishing legal presence to conduct business at the time of the termination of the employment.

DIRECTORS' REMUNERATION

For the details of the service contracts that we have entered into with our Directors, see the section headed "Statutory and General Information—C. Further Information about Our Directors—1. Particulars of Service Contracts and Appointment Letters" in Appendix IV to this document.

The aggregate amount of fees, salaries, allowances and retirement benefit scheme contributions we paid to our Directors in respect of the financial years ended December 31, 2018 and 2019 was RMB3.5 million and RMB33.2 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in note 12 in the Accountants' Report set out in Appendix I to this document.

During the Track Record Period, no remuneration was paid to our Directors by our Group as an inducement to join or upon joining our Group. No compensation was paid or payable to our Directors, past Directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Under the arrangements currently in force, the aggregate amount of remuneration (including share-based payment and excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending December 31, 2020 is expected to be approximately RMB99.4 million.

For the financial years ended December 31, 2018 and 2019, the five highest paid individuals of our Group included one director and one director, and the aggregate amount of fees, salaries, allowances and retirement benefits scheme contributions we paid to the highest paid individuals who are neither Directors nor chief executives of our Company were RMB3.3 million and RMB21.8 million, respectively.

During the Track Record Period, no remuneration was paid to the five highest paid individuals of our Company as an inducement to join or upon joining our Company. No compensation was paid or payable to such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company.

For the details of the stock options that we granted to our Directors, see the section headed "Statutory and General Information—D. Share Incentive Schemes—1. Employee Stock Option Plan" in Appendix IV to this document.

CORPORATE GOVERNANCE

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee, and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Ting Yuk Anthony WU, Mr. Lianming HE and Mr. Yiran HUANG. Mr. Ting Yuk Anthony WU, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board of Directors by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board of Directors.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three independent non-executive Directors, namely, Mr. Lianming HE, Mr. Ting Yuk Anthony WU and Mr. Yiran HUANG. Mr. Lianming HE is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board of Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Directors from time to time.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the Code of Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. The Nomination Committee consists of one executive Director, namely, Dr. Lian Yong CHEN, and two independent non-executive Directors, namely, Mr. Lianming HE and Mr. Yiran HUANG. Dr. Lian Yong CHEN is the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, without

limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors.

Diversity

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of pharmaceutical and medical industry, business management, investment, finance, legal profession, auditing and accounting. They obtained degrees in various majors including pharmaceutics, chemistry, neurosciences, economics and law. Furthermore, our Board has a wide range of age, ranging from 36 years old to 65 years old. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and the management levels. In particular, the CMO, an advisor of the Company and our joint company secretaries are female. While we recognize that the gender diversity at the Board level can be improved given its current composition of all-male directors, we will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole. To enhance gender diversity of the Board, we plan to propose the appointment of female Director(s) at the Company's annual general meeting of 2020, which is expected to be held in around June 2021.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. After the [**REDACTED**], our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code after the [**REDACTED**].

Compliance Adviser

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; (c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and (d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), 6 Dimensions Capital, 6 Dimensions Affiliates, Suzhou Frontline II and Suzhou 6 Dimensions (collectively the "**6 Dimensions Entities**" and each of them referred to as a "**6 Dimensions Entity**") will be interested in approximately [**REDACTED**], [**REDACTED**], [**REDACTED**] and [**REDACTED**] of the total issued share capital of our Company, respectively. As the respective investment committee of each of the 6 Dimensions Entities comprises of the same members and the investment decisions of the 6 Dimensions Entities are ultimately under the control of such members, the 6 Dimensions Entities, which will be collectively interested in approximately [**REDACTED**] of the total issued share capital of our Company, will be our Controlling Shareholders as defined under the Listing Rules upon [**REDACTED**].

CLEAR DELINEATION OF BUSINESS

6 Dimensions Entities are global investment firms with a focus on innovative life science companies in China and the United States. As of the Latest Practicable Date, 6 Dimensions Entities invested and cultivated a portfolio of more than 80 companies, including Innovent Biologics (stock code: 1801), CStone Pharmaceuticals (stock code: 2616) and Hua Medicine (stock code: 2552).

As of the Latest Practicable Date, other than the interest in our Company, the Controlling Shareholders had controlling interests in the following companies:

Name of Company	**Primary Business**
Suzhou Jiecheng Medical Technology Co., Ltd. (蘇州傑成醫療科技有限公司)	Development and manufacture of transcatheter aortic valve implantation devices
Realton (Suzhou) Medical Technology Co., Ltd. (瑞爾通(蘇州)醫療科技有限公司)	Development, manufacture and sales of medical high-power green laser systems for the treatment of benign prostatic hyperplasia
Guanjie Medical Technology (Suzhou) Co., Ltd. (冠傑醫療科技(蘇州)有限公司)	Development and manufacture of transcatheter mitral valve implantation devices
Curon Biopharmaceutical Limited	Development of next-generation tumor immunotherapy drugs
Cutia Therapeutics	Research and development of innovative and best-in-class dermatology products

Name of Company	Primary Business
Shanghai Huazhou Pressure-sensitive Adhesive Products Co., Ltd. (上海華舟壓敏膠製品有限公司)	Development and production of medical pressure-sensitive adhesive products such as medical tapes, excipients, and band-aids
Coherent Biopharmaceutical (Suzhou) Co., Ltd. (同宜醫藥(蘇州)有限公司)	Development of products with Bi-Engaging ligand-mediated Selective Targeting platform
Shanghai WellVac Biotechnology Co., Ltd. (上海至成生物科技有限公司)	Research and development of human papillomavirus (HPV) vaccine
Shanghai Jiuben Technology Co., Ltd. (上海究本科技有限公司)	Development and commercialization of microbiome dietary intervention products and related technologies

The Company is a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies (the "**Principal Business**"). To the best knowledge of our Directors, none of the portfolio companies controlled by 6 Dimensions Entities is engaged in ophthalmic therapy businesses. As described above, the other businesses and companies in which the Controlling Shareholders had controlling interests are different in nature from our Principal Business.

As of the Latest Practicable Date, except through our Group, our Controlling Shareholders did not, directly or indirectly, hold any interest in a business which competes or is likely to compete, either directly or indirectly, with our Principal Business, and is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able of carrying out our business independently from our Controlling Shareholders after the [**REDACTED**].

Management Independence

Save as disclosed below, none of our Directors or members of senior management serves as directors or members of senior management in any of our Controlling Shareholders or their respective close associates:

		Positions held in our Controlling Shareholders and their close associates	
Name	**Position in our Company**	**Name of entity**	**Position**
Dr. Lian Yong CHEN	Chairman and executive Director	6 Dimensions Capital	Chief executive officer and founding partner
		6 Dimensions Affiliates	Partner
		Suzhou Frontline II	Partner
		Suzhou 6 Dimensions	Partner
		6 Dimensions Capital GP, LLC	Partner
		Suzhou Jiecheng Medical Technology Co., Ltd. (蘇州傑成醫療科技有限公司)	Non-executive director
		Realton (Suzhou) Medical Technology Co., Ltd. (瑞爾通(蘇州)醫療科技有限公司)	Non-executive director
		Guanjie Medical Technology (Suzhou) Co., Ltd. (冠傑醫療科技(蘇州)有限公司)	Non-executive director
		Curon Biopharmaceutical Limited	Non-executive director
		Cutia Therapeutics	Non-executive director
		Shanghai Huazhou Pressure-sensitive Adhesive Products Co., Ltd. (上海華舟壓敏膠製品有限公司)	Non-executive director
		Coherent Biopharmaceutical (Suzhou) Co., Ltd. (同宜醫藥(蘇州)有限公司)	Non-executive director
		Shanghai WellVac Biotechnology Co., Ltd. (上海至成生物科技有限公司)	Non-executive director

		Positions held in our Controlling Shareholders and their close associates	
Name	**Position in our Company**	**Name of entity**	**Position**
Dr. Wei LI	Executive Director	6 Dimensions Capital	Managing partner
		6 Dimensions Affiliates	Partner
		Suzhou Frontline II	Partner
		Suzhou 6 Dimensions	Partner
		6 Dimensions Capital GP, LLC	Partner

Our Directors are of the view that our Board and senior management team are able to manage our business independently from the Controlling Shareholders and their respective close associates for the following reasons:

(i) our Board of Directors consists of nine Directors, seven of whom do not hold any directorship or senior management position in 6 Dimensions Entities. As of the Latest Practicable Date, except for Dr. Lian Yong CHEN and Dr. Wei LI, our Company and 6 Dimensions Entities were managed by different management members;

(ii) according to the Articles of Association, in respect of any contract or arrangement or any other proposal whatsoever in which a Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, such Director shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting;

(iii) we have appointed three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole. The independent non-executive Directors will give their independent opinions to the Shareholders on the relevant connected transaction(s), if any, pursuant to the Listing Rules. The independent non-executive Directors will be entitled to engage professional advisors at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Controlling Shareholders or their respective close associates;

(iv) each of our Directors is aware of his fiduciary duties and responsibilities under the Listing Rules as a director, which require that he acts in the best interests of our Company and our Shareholder as a whole;

(v) where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(vi) our Company has appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders and their close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates.

Our Directors believe that, upon [**REDACTED**], our Company will be able to obtain further financing, if necessary, upon market terms and conditions without relying on financial assistance or credit support from our Controlling Shareholders and their close associates.

Based on the above, our Company considers there is no financial dependence on our Controlling Shareholders and their close associates.

Operational Independence

We engage in our operations independently, making and implementing operational decisions independently. We have obtained all material licenses and permits necessary for our business operations and are not dependent upon our Controlling Shareholders or their close associates for any such licenses and permits. In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board of Directors and other committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities.

As a commercial arrangement for the incubation work conducted by 6 Dimensions, all costs and expenses incurred by the Ocumension Platform since 2017 were charged to our Company after we were incorporated in February 2018. Such costs and expenses were then paid to 6 Dimensions Capital and Frontline BioVentures (Shanghai) Limited (崇凱創業投資諮詢(上海)有限公司), a company indirectly wholly owned by Dr. Lian Yong CHEN and the fund manager (in respect of administrative matters of fund products) of Suzhou Frontline II and

Suzhou 6 Dimensions, in the form of reimbursement and for the amount of RMB397,000 and RMB474,000, respectively. The Directors of the Company consider that these transactions are one-off transactions and will not continue in the future.

Based on the above, our Directors are of the view that we are able to operate independently from our Controlling Shareholders and their close associates.

Confirmation

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the [**REDACTED**] without unduly relying upon them, taking into consideration the factors stated above.

So far as our Directors are aware, immediately following completion of the Share Subdivision and the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account any additional Shares which may be issued under the Employee Stock Option Plan, the following persons will have interests 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 is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company:

Name of shareholder	Nature of interest	Total number of Shares/underlying shares	Approximately percentage of interest in our Company (assuming the [REDACTED] is not exercised)	Approximately percentage of interest in our Company (assuming the [REDACTED] is fully exercised)
6 Dimensions Capital *(Note 1)*	Beneficial interest	123,975,000	[REDACTED]	[REDACTED]
6 Dimensions Affiliates *(Note 1)*	Beneficial interest	6,525,000	[REDACTED]	[REDACTED]
6 Dimensions Capital GP, LLC *(Note 1)*	Interest in controlled corporation	130,500,000	[REDACTED]	[REDACTED]
Suzhou Frontline II *(Note 2)*	Beneficial interest	91,350,000	[REDACTED]	[REDACTED]
Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) *(Note 2)*	Interest in controlled corporation	91,350,000	[REDACTED]	[REDACTED]
Suzhou 6 Dimensions *(Note 2)*	Beneficial interest	39,150,000	[REDACTED]	[REDACTED]
Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) *(Note 2)*	Interest in controlled corporation	39,150,000	[REDACTED]	[REDACTED]
Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) *(Note 2)*	Interest in controlled corporation	130,500,000	[REDACTED]	[REDACTED]
Ziqing CHEN (陳梓卿) *(Note 2)*	Interest in controlled corporation	130,500,000	[REDACTED]	[REDACTED]
Summer Iris Limited *(Note 3)*	Beneficial interest	78,214,230	[REDACTED]	[REDACTED]

Name of shareholder	Nature of interest	Total number of Shares/underlying shares	Approximately percentage of interest in our Company (assuming the [REDACTED] is not exercised)	Approximately percentage of interest in our Company (assuming the [REDACTED] is fully exercised)
Boyu Capital Fund IV, L.P. *(Note 3)*	Interest in controlled corporation	78,214,230	[REDACTED]	[REDACTED]
Boyu Capital General Partner IV, Ltd. *(Note 3)*	Interest in controlled corporation	78,214,230	[REDACTED]	[REDACTED]
Boyu Capital Group Holdings Ltd. *(Note 3)*	Interest in controlled corporation	78,214,230	[REDACTED]	[REDACTED]

Notes:

(1) For the purpose of the SFO, 6 Dimensions Capital GP, LLC, as the general partner of each of 6 Dimensions Capital and 6 Dimensions Affiliates, is deemed to have an interest in the Shares held by each of 6 Dimensions Capital and 6 Dimensions Affiliates.

(2) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is the general partner of Suzhou Frontline II. Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is the general partner of Suzhou 6 Dimensions. Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) is the general partner of each of Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) and Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)), and is wholly held by Ziqing CHEN (陳梓卿). Ziqing CHEN (陳梓卿) is the father-in-law of Dr. Lian Yong CHEN, the Chairman and executive Director of our Company.

For the purpose of the SFO, (i) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou Frontline II; (ii) Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou 6 Dimensions; and (iii) Ziqing CHEN (陳梓卿) and Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) are deemed to have an interest in the Shares held by each of Suzhou Frontline II and Suzhou 6 Dimensions.

(3) For the purpose of the SFO, each of Boyu Capital Fund IV, L.P. (as the sole shareholder of Summer Iris Limited), Boyu Capital General Partner IV, Ltd. (as the general partner of Boyu Capital Fund IV, L.P.) and Boyu Capital Group Holdings Ltd. (as the sole shareholder of Boyu Capital General Partner IV, Ltd.) is deemed to have an interest in the Shares held by Summer Iris Limited.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Share Subdivision and the [**REDACTED**].

Authorized Share Capital

Number of Shares	Aggregate nominal value of Shares
5,000,000,000	US$50,000.00

Issued Share Capital (assuming the [REDACTED] is not exercised)

Number of Shares	Description of Shares	Aggregate nominal value of Shares	Approximate percentage of issued Share capital
90,405,550	Shares in issue as of the date of this document	US$904.06	[**REDACTED**]
202,933,030	Series A Preferred Shares to be converted to Shares on a 1:1 basis	US$2,029.33	[**REDACTED**]
175,982,040	Series B Preferred Shares to be converted to Shares on a 1:1 basis	US$1,759.82	[**REDACTED**]
[**REDACTED**]	Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Shares in issue immediately following the [**REDACTED**]	[**REDACTED**]	100.00%

Issued Share Capital (assuming the [REDACTED] is exercised in full)

Number of Shares	Description of Shares	Aggregate nominal value of Shares	Approximate percentage of issued Share capital
90,405,550	Shares in issue as of the date of this document	US$904.06	[**REDACTED**]
202,933,030	Series A Preferred Shares to be converted to Shares on a 1:1 basis	US$2,029.33	[**REDACTED**]
175,982,040	Series B Preferred Shares to be converted to Shares on a 1:1 basis	US$1,759.82	[**REDACTED**]
[**REDACTED**]	Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Shares in issue immediately following the [**REDACTED**]	[**REDACTED**]	100.00%

ASSUMPTIONS

The above tables assume that the [**REDACTED**] becomes unconditional, that Shares are issued pursuant to the [**REDACTED**], and that the Ordinary Shares and Preferred Shares are re-designated into Shares on a 1:1 basis. The above tables do not take into account any additional Shares which may be issued pursuant to the Employee Stock Option Plan.

RANKING

The [**REDACTED**] are shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares upon completion of the [**REDACTED**]) and, in particular, will rank in full 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 document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) sub-divide its Shares into shares of smaller amount; and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See the section headed "Summary of the Constitution of Our Company and Cayman Companies Law—Summary of the Constitution of the Company—2. Articles of Association—2.5 Alteration of Capital" in Appendix III in this document for further details.

SHARE INCENTIVE SCHEMES

We adopted the Employee Stock Option Plan and the RSU Scheme. For further details, please see the section headed "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV in this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and [**REDACTED**] 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 [**REDACTED**] (excluding the Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan); and

- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed "—General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information—A. Further Information about Our Company—4. [Written] Resolutions Passed by Our Shareholders on [●], 2020" in Appendix IV to this document for further details of this general mandate to allot, issue and [**REDACTED**] Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] 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 [**REDACTED**] (excluding the Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "A. Further Information about Our Company—5. Repurchase of Our Own Securities—(a) Provision of the Listing Rules" in Appendix IV to this document.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "A. Further Information about Our Company—5. Repurchase of Our Own Securities" in Appendix IV to this document for further details of the repurchase mandate.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, including the notes thereto, as of and for the period ended December 31, 2018 and as of and for the year ended December 31, 2019 included in the Accountants' Report set out in Appendix I to this document. When we use the term "2018," we refer to the period started February 27, 2018 and ended December 31, 2018; and when we use the term "2019," we refer to the year ended December 31, 2019. Our audited consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this document, including those set forth in "Risk Factors" and "Forward-Looking Statements" in this document.

OVERVIEW

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a significant first-mover advantage over future competitors.

During the Track Record Period, we generated revenue from the limited sales of OT-401, our Core Product, which had not been generally approved in China. We took advantage of favorable government policies to import foreign drugs not yet generally approved in China for urgent medical needs and had OT-401 admitted to the Boao Pilot Program in July 2019, and made limited sales. We have just begun to commercialize two approved drug products in China, Ou Qin and brimonidine tartrate eye drop. As such, we have never been profitable and have incurred net losses in each year since our inception.

We expect to incur significant expenses and operating losses for at least the next several years as we further our preclinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the [**REDACTED**], we expect to incur costs associated with operating

as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 27, 2018. Our Company, as the holding company of our business, indirectly owns Ocumension Shanghai in China that are principally engaged in identifying, developing and commercializing ophthalmic therapies. For more details, see "History, Restructuring and Corporate Structure" in this document. Our consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each period. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below:

Our Ability to Successfully Develop Our Drug Candidates

Our business and results of operations depend on our ability to successfully develop our drug candidates. As of the Latest Practicable Date, we had 13 ophthalmic drug assets in our development pipeline, including 4 advanced-stage candidates, 4 near clinical-stage candidates and 5 other preclinical-stage candidates.

We have four advanced-stage drug candidates, namely, OT-401, OT-101, OT-301 and OT-1001. Particularly, we are in the process of completing the bridging Phase III clinical trial in China for OT-401, our Core Product, and we plan to complete the clinical study report of a 12-month follow-up in the first quarter of 2022. In addition, for OT-101, subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. For OT-301, we and Nicox plan to initiate two Phase III MRCTs in 2020 subject to IND approvals. We plan to initiate Chinese arms of two Phase III MRCTs in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA. In addition, for OT-1001, we plan to initiate a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval. For more information on the development status of our various drug candidates, see "Business—Our Portfolio." Whether our drug candidates can demonstrate favorable safety and efficacy clinical trial results, and whether we can obtain the requisite regulatory approvals for our drug candidates in time, are crucial for our business and results of operations.

Our Ability to Successfully Commercialize Our Commercial/Near Commercial-stage Assets

We have strategically included in our portfolio three commercial/near commercial-stage assets, namely, Ou Qin, brimonidine tartrate eye drop and 0.5% moxifloxacin eye drop. In addition, for OT-401, we have already begun making limited commercial sales under the Boao Pilot Program, and plan to continue to do so. We expect the commercial sales of these drugs to generate revenue for us in the near future. Our ability to do so is however dependent on the successful commercialization of such products. These drugs may require significant marketing efforts before we generate any revenue from product sales. If they fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected. See "Business—Our Portfolio—Commercial-Stage and Near Commercial-Stage Assets" and "Risk Factors—Risks Relating to Commercialization of Our Drug Candidates."

Cost Structure

Our business and results of operations are significantly affected by our cost structure, which comprised primarily research and development expenses and administrative expenses during the Track Record Period.

Research and development activities are central to our business. Our current research and development activities mainly relate to drug discovery, preclinical research, clinical trials and the clinical advancement of our drug candidates. See "Business—Research and Development." In 2018 and 2019, our research and development expenses accounted for 82.3% and 62.5% of our total expenses and costs (being selling expenses, research and development expenses and administrative expenses), respectively. Our research and development expenses primarily consist of upfront and milestone payments under our license agreements with in-licensing partners. In 2018 and 2019, our upfront and milestone payments accounted for 85.2% and 48.4% of our total research and development expenses. Pursuant to our license agreements with our in-licensing partners, such as EyePoint, Nicox, Senju and GTS, we have agreed to make certain payments when the in-licensed drug candidates reach different milestones during their respective development process. In addition, we have agreed to pay certain percentage of royalties on our future drug sales contemplated under the license agreements. The timing of these payments and the mix of future products sold (which may be subject to different royalties) will have an effect on our profitability. For details, see "Business—Collaboration and License Arrangements." Our research and development expenses also include (i) third-party contracting costs incurred mainly under agreements with CROs and (ii) staff costs, including salaries, welfare and share-based compensation expenses for research and development employees. We expect research and development expenses to increase for the foreseeable future as we continue to engage with in-licensing partners and make development progress to support the clinical trials of our drug candidates and as we move these drug candidates into additional clinical trials.

Our administrative expenses primarily consist of staff costs and professional fees. Other administrative expenses mainly include travel and transportation expenses and other office expenses. We expect our administrative expenses to increase in the future to support our drug development efforts and support any commercialization activities with respect to our drug candidates. We also anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

We did not incur any selling expenses in 2018. In 2019, we incurred selling expenses of RMB2.5 million. Given our robust pipeline of drug candidates from preclinical to late-stage, and our three commercial-ready or near commercial-ready assets, we are in the process of building our sales and marketing team in anticipation of new product launches in the coming years.

Funding for Our Operations

In 2018 and 2019, we funded our operations primarily through equity financing. Going forward, in the event of a successful commercialization of more of our drug candidates, we expect to fund our operations in part with revenue generated from sales of our drug products. However, with the continuing expansion of our business and development of new drug candidates, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operations.

Growth of the Chinese Ophthalmic Pharmaceutical Market

Our financial performance and future growth depend on the overall growth of China's ophthalmic pharmaceutical market. Ophthalmology is an emerging market in China, indicating a tremendous growth potential. As living standards in China continue to rise, there is a strong, growing demand for therapeutic areas that matter greatly to the quality of life, such as eye care. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, representing a CAGR of 16.0% from 2019, and further to RMB116.6 billion in 2030, representing a CAGR of 19.1% from 2024.

In addition, we expect to be supported by a series of favorable government policies in the near future. For example, pursuant to the Five-Year-National Plan for Eye Heath ("十三五"全國眼健康規劃(2016-2020年)), China has made great efforts in enhancing eye health in the past few decades and has been consistently encouraging the ophthalmic drug market to grow rapidly. The Chinese government has promulgated a series of policies to shorten the time for review and approval of innovative drugs. In addition, the Chinese government has also implemented a series of preferential treatments to support companies in our industry, such as grants and subsidies for research and development activities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the application of our accounting policies, we make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. We review the estimates and underlying assumptions on an on-going basis. We recognize revisions to accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

We believe the following accounting policies are most critical to our business operations and to an understanding of our financial condition and results of operations, and reflect the most significant judgments and estimates used in the preparation of our consolidated financial statements. Our most critical accounting policies and estimates are summarized below. See notes 4 and 5 to the Accountants' Report set out in Appendix I to this document for a detailed description of our significant accounting policies, estimates, assumptions and judgments which are important for understanding our financial condition and results of operations.

Research and Development Expenses

We capitalize and defer research and development expenses incurred on our drug product pipelines only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. We record research and development expenses which do not meet these criteria as expenses when incurred. We assess the progress of each research and development project and determine the criterias to be met for capitalization. During the Track Record Period, we recorded all research and development costs as expenses in our consolidated statements of profit or loss.

Share-based Payment Arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, we revise our estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

When share options are exercised or the restricted ordinary shares are vested, the amount previously recognized in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to accumulated losses.

Fair Value of Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

Our other financial assets including financial products which are measured at fair value at December 31, 2018 and 2019 are grouped under Level 3 hierarchy (as defined in note 4 to the Accountants' Report set out in Appendix I to this document). Fair value of these financial products was determined by discounted cash flow, which was estimated based on expected return, and discounted at a rate that reflects the risk of underlying investments.

In addition, we issued a series of Preferred Shares and the written Share Purchase Option (as defined in note 23 to the Accountants' Report set out in Appendix I to this document) to onshore investors during the Track Record Period. We recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques which include discounted cash flow, back-solve methods and equity allocation model. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of our Company, possibilities under different scenarios such as qualified public offering, liquidation and discount for lack of marketability, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it may lead to a change in the fair value of the financial liabilities at FVTPL.

In relation to the valuation of the financial assets, our Directors adopted the following procedures: (i) reviewed the terms of the financial product agreements; (ii) inquired of the professionals about the expected return rates; and (iii) re-calculated the expected market value of the financial products. Based on the above procedures, our Directors are of the view that the value of financial assets is fair and reasonable, and the financial statements of our Group are properly prepared.

In relation to the valuation of the financial liabilities, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Preferred Shares agreements; (ii) engaged independent business valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as fair value of the ordinary shares of our Company, possibilities under different scenarios, time to liquidation and discount for lack of marketability, which require management assessments and estimates; and

(iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of financial assets and financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of Level 3 measurements are disclosed in note 20, 23 and 30(c) to the historical financial information of Group for the Track Record Period as set out in the Accountants' Report issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I. The reporting accountants' opinion on the historical financial information of the Group for the Track Record Period as a whole is set out on I-2 of Appendix I.

In relation to the valuation of the financial assets, the Sponsors have (i) discussed the valuation with the management of the Company; (ii) reviewed the terms of the financial product agreements; and (iii) considered the valuation methodologies adopted for the valuation and the expected return rates. In relation to the valuation analysis performed by valuer on financial liabilities at FVTPL, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) discussed with the valuer regarding its qualification and credentials of the lead partner of the valuer responsible for the valuation; (ii) obtained and reviewed the valuation analysis prepared by the valuer on the financial liabilities at FVTPL; and (iii) discussed with the management of the Company and the valuer regarding the valuation technique applied by the Group to determine such valuation. Having considered the work done by the Directors and the unqualified opinion for the historical financial information of the Group for the Track Record Period as a whole included on I-2 of Appendix I, and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis on the financial assets or the valuation analysis performed by the valuer on the financial liabilities at FVTPL.

Intangible Assets

An internally generated intangible asset arising from development activities is recognized if, and only if, we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the intangible asset, how the asset will generate probable future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. The amount initially recognized for internally generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development expenditure which does not meet these criteria is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any).

Intangible assets with finite useful lives, which are acquired separately, are carried at costs less accumulated amortization and any accumulated impairment losses.

Adoption of IFRS 9, 15 and 16

For the purpose of preparing and presenting our historical financial information, we have consistently adopted the IFRSs issued by the IASB which are effective for the accounting period beginning on January 1, 2019, including IFRS 16 Leases, or IFRS 16, during the Track Record Period. Upon application of IFRS 16, we recognized right-of-use assets and corresponding lease liabilities in respect of all leases, except for short-term leases. For details, please refer to note 4 to the Accountants' Report as set out in Appendix I to this document. Our Directors are of the view that the adoption of IFRS 9, IFRS 15 and IFRS 16 had no material impact on the Group's financial performance and position as well as key ratios during the Track Record Period.

DISCUSSION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE EXPENSES

The following table sets forth the components of our consolidated statements of profit or loss and other comprehensive expenses for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Revenue	–	190
Cost of sales	–	(10)
Gross profits	–	180
Other income	25	3,877
Other gains and losses	(159,977)	(1,170,347)
Selling expenses	–	(2,479)
Research and development expenses	(40,679)	(99,464)
Administrative expenses	(8,769)	(57,185)
Finance costs	(5)	(63)
Loss before tax	(209,405)	(1,325,481)
Income tax expense	–	–
Loss and total comprehensive expenses for the period/year	(209,405)	(1,325,481)
Non-IFRS adjusted net loss for the period/year[(1)]	(46,988)	(82,430)

Note:

(1) Non-IFRS adjusted net loss for the period/year was calculated by taking loss and total comprehensive expenses for the period/year and adding back (i) fair value loss of financial liabilities at FVTPL and (ii) share-based payment expenses. Non-IFRS adjusted net loss for the period/year is not a measure required by or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of such non-cash items (and, for fair value loss of financial liabilities at FVTPL, also an item that pertains to financial instruments that will cease upon [**REDACTED**]) that our management considers to be not indicative of our operating performance and provides useful information to [**REDACTED**] and others in evaluating our operating results in the same manner of our management. The use of non-IFRS adjusted net loss for the period/year has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. See "—Non-IFRS Measure." The following table reconciles our non-IFRS adjusted net loss for the period/year with our loss and total comprehensive expenses for the period/year, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Period ended December 31, 2018	**Year ended December 31, 2019**
	(RMB in thousands)	
Loss and total comprehensive expenses for the period/year	(209,405)	(1,325,481)
Add		
Fair value loss of financial liabilities at FVTPL	158,736	1,196,248
Share-based payment expenses	3,681	46,803
Non-IFRS adjusted net loss for the period/year	(46,988)	(82,430)

Revenue

We did not generate any revenue in 2018. In 2019, we recorded revenue of RMB0.2 million from the limited sales of OT-401 under the Boao Pilot Program.

Cost of Sales

We did not incur any cost of sales in 2018 since we did not have revenue during this period. In 2019, we incurred cost of sales of RMB10,000, corresponding to the purchase from EyePoint of OT-401 that we sold in the year.

Gross Profit

Our gross profit represents our revenue less cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. We did not generate any revenue in 2018. In 2019, our gross profit was RMB0.2 million, with a gross profit margin of 94.7%.

Other Income

Our other income represents bank interest income arising from our bank deposit. In 2018 and 2019, we had bank interest income of RMB25,000 and RMB3.9 million, respectively.

Other Gains and Losses

Other gains and losses primarily consist of fair-value loss of financial liabilities at FVTPL, representing the changes in fair value of the conversion option associated with the Preferred Shares and Share Purchase Option. For details, please refer to note 8 to the Accountants' Report as set out in Appendix I to this document. Other gains and losses also consist of (i) net foreign exchange gains or losses in connection with bank balance and cash denominated in U.S. dollars and (ii) gain from changes in fair value of other financial assets, reflecting realized and unrealized investment gains from wealth management products we purchased by using our free cash. For details of the wealth management products we purchased, see "—Discussion of Certain Key Balance Sheet Items—Current Assets and Liabilities—Other Financial Assets." The following table sets forth the components of our other gains and losses for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Net foreign exchange (loss) gain	(1,342)	15,122
Gain from changes in fair value of other financial assets		
- realized	40	10,181
- unrealized	61	598
Fair value loss of financial liabilities at FVTPL	(158,736)	(1,196,248)
Total	(159,977)	(1,170,347)

We have implemented a series of internal control policies and rules regarding investment to ensure that the purpose of investment is to preserve capital and liquidity until free cash is used in our primary business and operation. Our finance department is responsible for managing our investment activities, and investment decisions of our finance department are subject to review and approval of our management team. Prior to making a proposal to invest in financial products, we assess and ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures even after purchasing such financial products. We adopt a prudent approach in selecting financial products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as duration of investment and the expected returns. To control our risk exposure, we have in the past sought, and may continue in the future to seek, principal-protected investments and other low-risk financial products. Additionally, we mainly invest in financial products offered by reputable commercial banks or reputable financial institutions. We generally select financial products with terms of no longer than 12 months or with flexible redemption options. After making an investment, we closely monitor its performance and fair value on a regular basis.

Selling Expenses

We did not incur any selling expenses in 2018. In 2019, our selling expenses primarily consisted of (i) staff costs, including salaries and welfare for sales and marketing employees and (ii) marketing-related expenses incurred in connection with our sales and marketing activities. The following table sets forth the components of our selling expenses for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Staff costs	–	1,912
Marketing-related expenses	–	212
Depreciation and amortization	–	12
Others	–	343
Total	–	2,479

Research and Development Expenses

Our research and development expenses primarily consist of (i) upfront and milestone payments under our license agreements with in-licensing partners; (ii) third-party contracting costs incurred mainly under agreements with CROs; and (iii) staff costs, including salaries, welfare and share-based compensation expenses, for research and development personnel. The following table sets forth the components of our research and development expenses for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Upfront and milestone payments	34,648	48,119
Third-party contracting costs	3,609	31,161
Staff costs	2,047	16,341
Depreciation and amortization	5	108
Others	370	3,735
Total	40,679	99,464

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, including salaries, welfare and share-based compensation expenses, for administrative employees and (ii) professional fees incurred under agreements with legal counsel, accountants and other professional service providers. The following table sets forth the components of our administrative expenses for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Staff costs	5,140	48,860
Professional fees	2,840	6,416
Depreciation and amortization	59	1,088
Others	730	821
Total	8,769	57,185

Finance Costs

Our finance costs represent the interest expenses on lease liabilities.

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly are exempted from Cayman Islands income tax.

Hong Kong

Our subsidiary, Ocumension Hong Kong, is subject to two-tiered tax rates since its establishment on assessable profits earned in Hong Kong where the profits tax rate for the first HK$2 million of assessable profits is subject to profits tax rate of 8.25% and the assessable profits above HK$2 million is subject to profits tax rate of 16.5%. Ocumension Hong Kong had no tax assessable profit during the Track Record Period.

China

Our subsidiaries in China are subject to enterprise income tax on taxable income at a basic tax rate of 25%.

The tax charge for the Track Record Period can be reconciled to the loss per the consolidated statements of profit or loss and other comprehensive expenses as follows:

	Period Ended December 31, 2018	**Year ended December 31, 2019**
	RMB'000	*RMB'000*
Loss before tax	(209,405)	(1,325,481)
Income tax expense calculated at 25%	(52,351)	(331,370)
Tax effect of expense that are not deductible for tax purpose[(1)]	51,354	316,845
Tax effect of tax losses not recognised	976	14,072
Tax effect of deductible temporary differences not recognised	21	453
Income tax expenses recognised in profit or loss	–	–

Note:

(1) The tax effect of expenses that are not deductible for tax purpose mainly comprised of (i) fair value changes of financial liabilities at FVTPL; (ii) share-based payments; and (iii) R&D expenses incurred in the Company.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2019 to Period Ended December 31, 2018

Revenue

Our revenue increased from nil in 2018 to RMB0.2 million in 2019, which was related to the limited sales of OT-401 under the Boao Pilot Program. We had OT-401 admitted under the Boao Pilot Program in July 2019 and made limited sales of OT-401 to a customer in Hainan, the designated procurement agent for Boao Super Hospital, where patients were injected. See "Business—Customer."

Cost of Sales

Our cost of sales increased from nil in 2018 to RMB10,000 in 2019, which mainly consisted of cost incurred for the purchase of OT-401 from EyePoint. See "Business—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)."

Other Income

Our other income increased significantly from RMB25,000 in 2018 to RMB3.9 million in 2019. The increase in other income was primarily attributable to an increase in cash balance in our bank accounts as a result of the deposit of the proceeds from the Series A and Series B equity financing, which also led to a higher average cash balance in 2019.

Other Gains and Losses

Our other losses increased from RMB160.0 million in 2018 to RMB1,170.3 million in 2019. The increase in losses was primarily attributable to an increase of RMB1,037.5 million in fair value loss of financial liabilities at FVTPL as a result of the issuance of Preferred Shares and Share Purchase Option, and the increase in company valuation and probability of [**REDACTED**]. This increase was partially offset by (i) net foreign exchange gain of RMB15.1 million, reflecting the impact of appreciation of U.S. dollars against the Renminbi on our funds that are denominated in U.S. dollars and (ii) an increase in gains from changes in fair value of other financial assets, reflecting the investment income we received or expect to receive from certain wealth management products we purchased.

Selling Expenses

Our selling expenses increased from nil in 2018 to RMB2.5 million in 2019. This increase was primarily attributable to (i) an increase in our sales and marketing employee headcount and (ii) an increase in marketing–related expenses, in all cases relating to the limited sales of OT-401 since August 2019.

Research and Development Expenses

Our research and development expenses increased by 144.5% from RMB40.7 million in 2018 to RMB99.5 million in 2019. This increase was primarily attributable to (i) an increase of RMB27.6 million in third-party contracting costs mainly as we engaged CROs to conduct preclinical and clinical due diligence and Phase III clinical trials for OT-401 and preclinical studies for OT-101 and other drug candidates in our pipeline; (ii) an increase of RMB14.3 million in staff costs as a result of the increases in share-based compensation expenses and employee headcount for research and development; and (iii) an increase of RMB13.5 million in upfront and milestone payment in relation to OT-701, OT-503 and OT-202.

Administrative Expenses

Our administrative expenses increased by 552.1% from RMB8.8 million in 2018 to RMB57.2 million in 2019. This was primarily attributable to (i) an increase of RMB43.7 million in staff costs as a result of the increases in share compensation expenses and employee headcount for administration to support our business growth and (ii) an increase of RMB3.6 million in professional fees for legal, accounting and IT services.

Finance Costs

Our finance costs increased from RMB5,000 in 2018 to RMB63,000 in 2019. This was primarily attributable to an increase of interest expenses on lease liabilities as we entered into new lease agreements to rent more office space.

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use a non-IFRS measure, adjusted net loss for the period/year, as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of such non-cash items (and, for fair value loss of financial liabilities at FVTPL, also an item that pertains to financial instruments that will cease upon [**REDACTED**]) that our management considers to be not indicative of our operating performance and provides useful information to investors and others in evaluating our operating results in the same manner of our management. However, our presentation of the adjusted net loss for the period/year may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS. We define adjusted net loss for the period/year as loss and total comprehensive expenses for the period/year adjusted by adding back (i) fair value loss of financial liabilities at FVTPL and (ii) share-based payment expenses. The following table reconciles our non-IFRS adjusted net loss for the period/year with our loss and total comprehensive expenses for the period/year, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Loss and total comprehensive expenses for the period/year	(209,405)	(1,325,481)
Add		
Fair value loss of financial liabilities at FVTPL	158,736	1,196,248
Share-based payment expenses	3,681	46,803
Non-IFRS adjusted net loss for the period/year	(46,988)	(82,430)

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this document:

	As of December 31,	
	2018	**2019**
	(RMB in thousands)	
Total non-current assets	1,626	27,704
Total current assets	92,996	1,261,993
Total assets	94,622	1,289,697
Total current liabilities	4,054	39,435
Total non-current liabilities	867,872	3,318,750
Total liabilities	871,926	3,358,185
Share capital	2	4
Reserves	(821,098)	(2,068,492)
Equity attributable to owners of the Company	(821,096)	(2,068,488)
Non-controlling interests	43,792	–
Total Deficits	(777,304)	(2,068,488)

Current Assets and Liabilities

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,		As of May 31,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Current assets			
Inventories	–	259	237
Trade and other receivables	1,099	13,581	137,197
Other financial assets	66,268	497,653	297,609
Time deposit over three months	–	558,096	–
Bank balances and cash	25,629	192,404	759,663
Total current assets	92,996	1,261,993	1,194,706
Current liabilities			
Trade and other payables	3,452	38,176	36,296
Lease liabilities	602	1,259	703
Total current liabilities	4,054	39,435	36,999
Net current assets	88,942	1,222,558	1,157,707

Inventories

We did not have any inventories as of December 31, 2018. We had inventories of RMB0.3 million as of December 31, 2019 as we started to purchase OT-401 from EyePoint after OT-401 was approved for treating patients under the Boao Pilot Program in August 2019. We regularly monitor our inventories to reduce the risk of overstocking and endeavour to keep an optimal inventory level in line with the expected injections in the near term. We assigned a third party in Hainan to manage our inventories, and its warehouse personnel are responsible for the inspection, storage and delivery of OT-401.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables from our only customer during the Track Record Period; (ii) prepayments for research and development services; (iii) interest receivable; and (iv) value-added tax recoverable. The following table sets forth the components of our trade and other receivables as of the dates indicated:

	As of December 31,	
	2018	**2019**
	(RMB in thousands)	
Trade receivable	–	96
Other receivables		
Prepayments for research and development services	944	7,365
Interest receivable	–	3,877
Value added tax recoverable	52	1,739
Utility and rental deposits	85	409
Others	18	95
Total	1,099	13,581

Our trade and other receivables increased from RMB1.1 million as of December 31, 2018 to RMB13.6 million as of December 31, 2019, primarily attributable to (i) an increase in prepayments for research and development services from RMB0.9 million as of December 31, 2018 to RMB7.4 million as of December 31, 2019 as we increased the purchase of preclinical and clinical research and development services; (ii) RMB3.9 million in interest receivable due to an increase in our bank deposits as of December 31, 2019; and (iii) an increase of RMB1.7 million in value-added tax recoverable as of December 31, 2019.

Other Financial Assets

Other financial assets measured at FVTPL represented the wealth management products we purchased. During the Track Record Period, we purchased such wealth management products using our free cash. These wealth management products comprised risk-free or low-risk financial products with short-term or flexible redemption options issued by commercial banks or reputable financial institutions in China and the United States. The expected rate of return ranged from 1% to 4.25% per annum as of December 31, 2018 and 2019.

Our other financial assets increased from RMB66.3 million as of December 31, 2018 to RMB497.7 million as of December 31, 2019, primarily due to an increase in balance of our wealth management products. The expected rate of return of the wealth management products was determined by the market price of the underlying financial instruments, including bonds, debentures and other financial assets. Prior to making an investment, we assess and ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures even after purchasing such financial products.

Time Deposit Over Three Months

Our time deposit over three months increased significantly from nil as of December 31, 2018 to RMB558.1 million as of December 31, 2019, which was mainly attributable to the funds we received from our Series A and Series B equity financing.

Bank Balances and Cash

Our bank balances and cash increased significantly from RMB25.6 million as of December 31, 2018 to RMB192.4 million as of December 31, 2019, which was mainly attributable to the funds we received from our Series A and Series B equity financing.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables; (ii) payables for intangible asset, and research and development expenses and (iii) payroll payables. The following table sets forth the components of our trade and other payables as of the dates indicated:

	As of December 31,	
	2018	**2019**
	(RMB in thousands)	
Trade payables	13	3,940
Payables for		
– intangible asset, and research and development expenses	1,920	29,138
– legal and professional fees	265	309
– others	95	495
Payroll payables	1,109	4,094
Other tax payables	50	200
Total	3,452	38,176

Our trade and other payables increased significantly from RMB3.5 million as of December 31, 2018 to RMB38.2 million as of December 31, 2019, primarily because (i) an increase in payables for intangible asset and accrual research and development expenses from RMB1.9 million as of December 31, 2018 to RMB29.1 million as of December 31, 2019 in line with our increased research and development activities; (ii) an increase of RMB3.9 million in trade payables in connection with the increase in our research and development activities; and (iii) an increase of RMB3.0 million in payroll payables in line with an increase in the number of our employees.

KEY FINANCIAL RATIO

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

	As of December 31,	
	2018	**2019**
Current ratio[(1)]	22.9	32.0

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

Our current ratio increased from 22.9 as of December 31, 2018 to 32.0 as of December 31, 2019 because our current assets increased by RMB1,169.0 million as a result of the increases in time deposit over three months, other financial assets, bank balances and cash, and trade and other receivables while our current liabilities increased at a relatively slower rate.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our primary uses of cash relate to the development of our drug candidates and our payment for the purchase of equipment. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We also generated cash from the limited sales of OT-401 under the Boao Pilot Program. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more cash from our operating activities, through increasing sales revenue of the existing commercialized products and by launching new products. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our bank balances and cash and net [**REDACTED**] from the [**REDACTED**]. As of December 31, 2019, our cash and cash equivalents amounted to RMB192.4 million.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
R&D costs		
R&D Costs for Core Product		
Staff costs	942	4,029
Clinical trial expenses	–	10,357
Agency and consulting fees[(1)]	140	2,062
Raw material costs	–	459
Upfront and milestone payments	11,657	6,892
Others	–	289
Subtotal	12,739	24,088
R&D Costs for Other Product Candidates		
Staff costs	667	3,847
Clinical trial expenses	206	3,351
Agency and consulting fees[(1)]	2,315	17,899
Raw material costs	–	154
Upfront and milestone payments	22,991	41,315
Others	–	37
Subtotal	26,179	66,603
Total R&D costs	38,918	90,690
Workforce employment[(2)]	3,293	17,208
Product marketing	–	241
Direct production costs	–	–
Non-income taxes, royalties and other governmental charges	–	–
Contingency allowances	–	–

Notes:

(1) Represents agency and consulting fees paid for CMC and regulatory affairs related to drug registration.

(2) Represents total staff costs mainly including salaries and bonus.

Cash Flows

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

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
Operating cash flow before movements in working capital	(45,703)	(108,948)
Total movements in working capital	2,353	860
Net cash used in operating activities	(43,350)	(108,088)
Net cash used in investing activities	(66,660)	(979,917)
Net cash from financing activities	136,981	1,241,625
Net increase in cash and cash equivalents	26,971	153,620
Cash and cash equivalents at beginning of the period/year	–	25,629
Effects of exchange rate changes	(1,342)	13,155
Cash and cash equivalents at the end of the period/year	25,629	192,404

Operating Activities

Since inception, we have incurred negative cash flows from our operations. Substantially of our operating cash outflows have resulted from our research and development expenses and administrative expenses. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops, we expect to generate more cash flow from operations, through launching and commercializing products, such as Ou Qin and brimonidine tartrate eye drop, which we launched in April 2020 and March 2020, respectively.

In 2019, our net cash used in operating activities was RMB108.1 million, primarily reflecting loss before tax of RMB1,325.5 million, negatively adjusted by (i) net unrealized foreign exchange gain of RMB13.1 million; (ii) gains from changes in fair value of other financial assets of RMB10.8 million; and (iii) bank interest income of RMB3.9 million, and positively adjusted by (i) loss on changes in fair value of financial liabilities at FVTPL of RMB1,196.2 million; (ii) share-based payment expenses of RMB46.8 million; and (iii) an increase in trade and other payables of RMB9.7 million.

In 2018, our net cash used in operating activities was RMB43.4 million, primarily reflecting loss before tax of RMB209.4 million, positively adjusted by loss on changes in fair value of financial liabilities at FVTPL of RMB158.7 million.

Investing Activities

Our net cash used in investing activities were primarily for placement of other financial assets and placement of time deposit. We also generated inflows from redemption of other financial assets and interest received from banks.

In 2019, our net cash used in investing activities was RMB979.9 million, which was primarily attributable to (i) RMB1,482.2 million in placement of other financial assets and (ii) RMB558.1 million in placement of time deposit, partially offset by RMB1,061.6 million in redemption of other financial assets.

In 2018, our net cash used in investing activities was RMB66.7 million, which was primarily attributable to RMB102.9 million in placement of other financial assets, partially offset by RMB36.7 million in redemption of other financial assets.

Financing Activities

Our net cash from financing activities was primarily in the form of proceeds from issuance of Series A Preferred Shares and Series B Preferred Shares.

In 2019, our net cash from financing activities was RMB1,241.6 million, which was primarily attributable to (i) RMB1,240.7 million in proceeds from issuance of Series B Preferred Shares and (ii) RMB72.7 million in proceeds from issuance of Series A Preferred Shares, partially offset by RMB70.7 million acquisition of additional equity interests in a subsidiary, representing the share transfer arrangement in which onshore PRC investors agreed to transfer their equity interests in Ocumension Shanghai to Ocumension Hong Kong. For details, see "History, Restructuring and Corporate Structure—Major Corporate Development and Shareholding Changes of Our Group—Ocumension Shanghai."

In 2018, our net cash from in financing activities was RMB137.0 million, which was primarily attributable to (i) RMB68.7 million in proceeds from issuance of Series A Preferred Shares and (ii) RMB68.3 million in capital injection to Ocumension Shanghai and issuance of Share Purchase Option. For details, see "History, Restructuring and Corporate Structure—Major Corporate Development and Shareholding Changes of Our Group—Ocumension Shanghai."

INDEBTEDNESS

As of December 31, 2018 and 2019 and May 31, 2020, except as disclosed in the table below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees, litigations or claims of material importance, pending or threatened against any member of our Group or other material contingent liabilities. In addition, as of May 31, 2020, we did not have any unutilized bank facilities. We adopted IFRS 16 in the preparation of the historical financial information through the Track Record Period. As of December 31, 2018 and 2019 and May 31, 2020, we pledged our rental deposits to secure outstanding unpaid contractual lease payments. Since December 31, 2019 and up to May 31, 2020, the latest practicable date for the purpose of this indebtedness statement, there had been no material adverse change to our indebtedness.

	As of December 31,		As of May 31,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Current			
Lease liabilities (secured and unguaranteed)	602	1,259	703
Non-current			
Financial liabilities at fair value through profit or loss (unsecured and unguaranteed)	867,348	3,318,750	3,341,867
Lease liabilities (secured and unguaranteed)	524	–	–
Total	868,474	3,320,009	3,342,570

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, internally generated funds and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, business development and marketing expenses, and administrative and operating costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. Assuming an average cash burn rate going forward of 4.5 times the level in 2019, we estimate that our cash

and cash equivalents and short-term investments (including time deposit over three months and other financial assets) as of December 31, 2019 will be able to maintain our financial viability for 30.0 months or, if we take into account 10% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), 33.7 months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], 67.3 months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

CAPITAL EXPENDITURE

In 2018 and 2019, our cash payment of leasehold improvement and equipment totaled RMB0.3 million and RMB0.8 million, respectively. Our capital expenditure during the Track Record Period primarily related to leasehold improvement and purchase of equipment. We funded our capital expenditure requirements during the Track Record Period mainly from equity financing.

We expect that our capital expenditure in 2020 and 2021 will primarily consist of purchase of machinery, equipment and leasehold improvement. We plan to fund our planned capital expenditure using our cash at bank and the net [**REDACTED**] received from the [**REDACTED**]. For more details, see "Future Plans and Use of [**REDACTED**]" in this document. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

CONTRACTUAL COMMITMENT

Lease Commitment

We entered into short-term leases for office premises and office equipment. As of December 31, 2018 and 2019, the outstanding lease commitment relating to these office premises and office equipment was RMB0.2 million and RMB1.1 million, respectively.

Capital Commitment

As of December 31, 2019, we did not have any capital commitment.

CONTINGENT LIABILITIES

As of December 31, 2018 and 2019, we did not have any contingent liabilities. We confirm that there had been no material changes or arrangements to our contingent liabilities as of the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

MARKET AND OTHER FINANCIAL RISKS

We are exposed to a variety of market and other financial risks, including currency risk, interest rate risk, other price risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider it necessary to hedge any of these risks. See note 30(b) to the Accountants' Report set out in Appendix I to this document for more information. The discussion below provides a summary of our market and other financial risks.

Market Risks

Currency Risk

Certain of our time deposits, bank balances and cash, other financial assets, trade and other receivables, trade and other payables, Preferred Shares and gross obligation from Share Purchase Option written are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, we monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, see note 30(b)(i) to the Accountants' Report set out in Appendix I to this document.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to our lease liabilities, fixed-rate time deposits and bank deposits. We currently do not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, we monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise. We are also exposed to cash flow interest rate risk in relation to our variable-rate bank balances. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on our bank balances.

Other Price Risk

We are exposed to other price risk arising from Preferred Shares and gross obligation from Share Purchase Option, which were classified as financial liabilities at FVTPL. For further details, see note 30(b)(iii) to the Accountants' Report set out in Appendix I to this document.

Credit Risk

We are exposed to credit risk which is arising from the amount of each class of financial assets. We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

We have applied the simplified approach in IFRS 9 to measure the loss allowance. We have concentration of credit risk as 100% of our trade receivables were due from a reputable pharmaceutical company. In order to minimize the credit risk with customers, we have delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, we use an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. For further details, see note 30(b) to the Accountants' Report set out in Appendix I to this document.

Liquidity Risk

To manage our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on the issuance of Preferred Shares as a signification source of liquidity. For further details, see note 30(b) to the Accountants' Report set out in Appendix I to this document.

TRANSACTIONS WITH RELATED PARTIES

The following table sets forth our transactions with related parties for the periods indicated:

	Period ended December 31, 2018	Year ended December 31, 2019
	(RMB in thousands)	
6 Dimensions Capital, L.P.	397	–
Frontline BioVentures (Shanghai) Limited	474	–
Total	871	–

We entered into transactions with related parties at the inception of our Company. 6 Dimensions Capital, L.P. and Frontline BioVentures (Shanghai) Limited made certain payments on behalf of us, such as payments for consulting fees and payments for research and development services to support our incubation team. These transactions were one-off in nature and we repaid such amounts in full in 2018.

DIVIDEND

We are a holding company incorporated in the Cayman Islands. We have never declared or paid any dividends on our ordinary shares or preferred shares. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect our PRC subsidiaries' ability to pay dividends and other distributions to us.

We currently intend to retain all available funds and any future earnings, if any, to fund the research and development of our drug candidates and we do not anticipate paying any cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial conditions and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman Islands counsel, under the Cayman Islands law a company may declare and pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. [**REDACTED**] should not purchase our Shares with the expectation of receiving cash dividends.

DISTRIBUTABLE RESERVES

As of December 31, 2019, we did not have any distributable reserves.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to [**REDACTED**] estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), assuming no exercise of to the [**REDACTED**]. Among such expenses, nil was recognized and charged to our consolidated statements of profit or loss in 2018 and 2019. After December 31, 2019, approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Save for the subsequent events as described in note 35 to the Accountants' Report in Appendix I to this document, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2019 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2019 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For details of our future plans, see "Business—Our Strategies."

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] in this document.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-401, our Core Product, as follows:

  - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the continuing research and development activities of OT-401. We plan to continue the Phase III trial, complete the clinical study report of the 12-month follow-up in the first quarter of 2022 and submit an NDA in China in the first half of 2022. We expect to commence commercialization of OT-401 in China in the second half of 2022 upon approval. In the meantime, we intend to continue to use YUTIQ in the Boao Pilot Program, which will require us to continue to conduct pre-treatment and post-treatment R&D work on the patients, evaluating the symptoms and conditions of patient candidates, training ophthalmologists for the injection procedure, and collecting and analyzing "real world" data from the patients before and after the procedure. In line with this planned timeframe, we expect that:

    - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses of our research and development staff and activities, of which approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used in the R&D work in the ongoing Boao Pilot Program; and

    - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for completing the ongoing clinical trial and preparation of registration filings, of which (i) approximately HK$[**REDACTED**] million, or [**REDACTED**]%, will be used for the clinical trial (including costs for CROs, cost for raw materials and consumables used in clinical trials, and potential future

costs on post-marketing clinical trials); (ii) approximately HK$[**REDACTED**] million, or [**REDACTED**]%, will be used for CMC work; and (iii) approximately HK$[**REDACTED**] million, or [**REDACTED**]%, will be used for registration filings;

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for milestone payments of OT-401; and

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for the commercialization of OT-401. Specifically, we plan to conduct more than 300 marketing events (online and offline) reaching more than 55,000 people per year, and hire approximately 60 additional commercialization staff for OT-401.

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for our other drug candidates:

  - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the continuing research and development activities of the other drug candidates in our pipeline, including the planned clinical trials and the preparation of registration filings;

    - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the continuing research and development activities of other advanced-stage drug candidates, including:

      - *OT-101*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-101, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs and cost for raw materials and consumables used in clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We have conducted substantial R&D work for OT-101 in market and technical feasibility studies, preclinical tests on the drug content, formulations and storage and delivery system and pre-IND preparation including preparation for pre-IND meetings with the CDE, EMA and FDA. Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We have formulated a plan for a proposed clinical trial

involving 600 subjects over a duration of three years. See "Business—Our Portfolio— Advanced-Stage Drug Candidates—OT-101—Our R&D Work" and "—Clinical Development Plan";

- *OT-301*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-301, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs and cost for raw materials and consumables used in clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We have conducted substantial R&D work for OT-301 in pre-IND preparation as we formulated MRCT strategies and plans in conjunction with our overseas partner. Subject to IND approval, we plan to initiate two Phase III MRCTs of OT-301 in 2020 and we plan to use data from the global trials to support a NDA submission in China. We plan to initiate Chinese arms of two Phase III MRCTs in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA. See "Business—Our Portfolio—Advanced-Stage Drug Candidates—OT-301—Our R&D Work" and "—Clinical Development Plan"; and

- *OT-1001*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-1001, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs, cost for raw materials and consumables used in clinical trials, and potential future costs on post-marketing clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We have conducted substantial R&D work for OT-1001 in pre-IND preparation, developing a clinical development plan and a clinical protocol matching the characteristics of the onset of allergic conjunctivitis among the Chinese population and clinical practices in China, and clinical trial preparation. We plan to conduct a

confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval. See "Business—Our Portfolio—Advanced-Stage Drug Candidates—OT-1001—Our R&D Work" and "—Clinical Development Plan";

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the continuing research and development activities of near clinical-stage drug candidates, including:

  - *OT-502*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-502, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs, cost for raw materials and consumables used in clinical trials, and potential future costs on post-marketing clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We plan to discuss with the NMPA to conduct a bridging Phase III trial, which is expected to commence in the second quarter of 2021, to support our NDA submission in China. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-502—Clinical Development Plan and Our R&D Work";

  - *OT-202*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-202, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs and cost for raw materials and consumables used in clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-202— Clinical Development Plan and Our R&D Work";

- *OT-503*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-503, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs and cost for raw materials and consumables used in clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for CMC work; (iii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iv) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. Currently, our licensing partner Nicox had completed a Phase II trial in the United States in December 2019, and we plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-503—Clinical Development Plan and Our R&D Work"; and

- *OT-701*. Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for OT-701, of which (i) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for planned clinical trials (including costs for CROs and cost for raw materials and consumables used in clinical trials); (ii) approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for preparation of registration filings; and (iii) HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for costs and expenses for our research and development staff and activities. We plan to submit an IND for the Phase I clinical trial in China in late 2021, and initiate the Phase I clinical trial in the second quarter of 2022. We also plan to initiate a Phase III clinical trial in China in the second quarter of 2023. See "Business—Our Portfolio—Near Clinical-Stage Drug Candidates—OT-701—Clinical Development Plan and Our R&D Work";

  - Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the continuing research and development activities of other drug candidates in different stages.

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for milestone payments of our other in-licensed drug candidates; and

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for the further expansion of our sales and marketing team in anticipation of new product launches in the coming years. Specifically, we plan to hire approximately 40 additional commercialization staff for other new product launches besides OT-401, and hold more than 250 marketing events (online and offline) reaching more than 65,000 people per year, introducing our products to over 12,000 ophthalmologists in over 1,500 Grade II and Grade III hospitals in China by 2022. We will continue to expand our presence in the market and aim to gain market access to 31 provinces by 2021.

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for the acquisition of the manufacturing facility in Suzhou pursuant to our cooperation agreement with the local government. See "History, Restructuring and Corporate Structure—Major Acquisitions, Disposals and Mergers" and "Waivers from Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in Respect of Accounting and Disclosure Requirements for Acquisitions of Subsidiaries and Businesses Conducted after the Track Record Period" for more details. We expect to allocate approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) for technology build-up by enhancing our laboratory enablement, which will be housed in the Suzhou facility.

- Approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) will be used for our working capital and other general corporate purposes.

As we continue to advance our existing drug candidates as described above, we expect to continue to expand our internal research and development capabilities by hiring additional research and development personnel with strong academic background and extensive industry experience. We plan to allocate approximately HK$[**REDACTED**] million (representing [**REDACTED**]% of the net [**REDACTED**]) in total for this purpose, which is inherent and reflected in the designated research and development staff costs for OT-401 and the other drug candidates described above.

The above allocation of the [**REDACTED**] will be adjusted on a *pro rata* basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**] range. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**] million. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**] million.

If the [**REDACTED**] is exercised in full, and net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional net [**REDACTED**] to the above purpose in the proportions stated above.

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term deposits or low-risk and short-term wealth management products offered by reputable commercial banks or reputable financial institutions until such funds are used for the above purposes. We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

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The following is the text of a report set out on pages [I-1] to [I-51], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF OCUMENSION THERAPEUTICS, MORGAN STANLEY ASIA LIMITED AND GOLDMAN SACHS (ASIA) L.L.C.

Introduction

We report on the historical financial information of Ocumension Therapeutics (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-[3] to I-[51], which comprises the consolidated statements of financial position of the Group at December 31, 2018 and 2019, the statements of financial position of the Company at December 31, 2018 and 2019, and the consolidated statements of profit or loss and other comprehensive expenses, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the period from February 27, 2018 (the date of incorporation of the Company) to December 31, 2018 (the "Period Ended December 31, 2018") and the year ended December 31, 2019 (collectively referred to as 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-[3] to I-[51] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●], 2020 (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the"Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of the preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial positions as at December 31, 2018 and 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparation of the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[**Deloitte Touche Tohmatsu**]
Certified Public Accountants
Hong Kong
[●] 2020

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE EXPENSES

	NOTES	**Period Ended December 31, 2018** *RMB'000*	**Year ended December 31, 2019** *RMB'000*
Revenue		–	190
Cost of sales		–	(10)
Gross profits		–	180
Other income	*7*	25	3,877
Other gains and losses	*8*	(159,977)	(1,170,347)
Selling expenses		–	(2,479)
Research and development expenses		(40,679)	(99,464)
Administrative expenses		(8,769)	(57,185)
Finance costs	*9*	(5)	(63)
Loss before tax	*10*	(209,405)	(1,325,481)
Income tax expense	*11*	–	–
Loss and total comprehensive expenses for the period/year		(209,405)	(1,325,481)
Loss and total comprehensive expenses for the period/year attributable to:			
– Owners of the Company		(207,608)	(1,312,311)
– Non-controlling interests		(1,797)	(13,170)
		(209,405)	(1,325,481)
Loss per share	*13*		
– Basic and diluted (RMB)		(12)	(32)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2018 *RMB'000*	2019 *RMB'000*
Non-current assets			
Equipment		263	779
Intangible asset	*15*	–	25,000
Right-of-use assets	*16*	1,123	1,236
Deposits for rental		240	689
		1,626	27,704
Current assets			
Inventories		–	259
Trade and other receivables	*18*	1,099	13,581
Other financial assets	*20*	66,268	497,653
Time deposit over three months	*21*	–	558,096
Bank balances and cash	*21*	25,629	192,404
		92,996	1,261,993
Current liabilities			
Trade and other payables	*22*	3,452	38,176
Lease liabilities		602	1,259
		4,054	39,435
Net Current Assets		88,942	1,222,558
Total Assets Less Current Liabilities		90,568	1,250,262
Non-current liabilities			
Lease liabilities		524	–
Financial liabilities at fair value through profit or loss ("FVTPL")	*23*	867,348	3,318,750
		867,872	3,318,750
Net Liabilities		(777,304)	(2,068,488)
Capital and reserves			
Share capital	*24*	2	4
Reserves		(821,098)	(2,068,492)
Equity attributable to owners of the Company		(821,096)	(2,068,488)
Non-controlling interests		43,792	–
Total Deficits		(777,304)	(2,068,488)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	At December 31, 2018 *RMB'000*	At December 31, 2019 *RMB'000*
Non-current asset			
Investment in a subsidiary	*17*	22,599	876,926
Current assets			
Other receivables	*18*	944	5,508
Amount due from a subsidiary	*19*	34	–
Other financial assets	*20*	21,264	497,653
Time deposit over three months	*21*	–	558,096
Bank balances and cash	*21*	6,863	152,790
		29,105	1,214,047
Current liability			
Trade and other payables	*22*	2,950	5,006
Net Current Assets		26,155	1,209,041
Total Assets Less Current Liability		48,754	2,085,967
Non-current liability			
Financial liabilities at FVTPL	*23*	467,228	3,318,750
Net Liabilities		(418,474)	(1,232,783)
Capital and reserves			
Share capital	*24*	2	4
Reserves	*25*	(418,476)	(1,232,787)
Total Deficits		(418,474)	(1,232,783)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital *RMB'000 (Note 24)*	**Share premium** *RMB'000*	**Other reserves** *RMB'000*	**Share-based payment reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total deficits** *RMB'000*
At February 27, 2018 (date of incorporation)	–	–	–	–	–	–	–	–
Loss and total comprehensive expenses for the period	–	–	–	–	(207,608)	(207,608)	(1,797)	(209,405)
Issuance of ordinary shares *(note 24 iii)*	2	19	–	–	–	21	–	21
Issuance of ordinary shares to advisors *(note 24 iii)*	–	896	–	–	–	896	–	896
Issuance of restricted ordinary shares *(note 24 iv)*	–	3	–	–	–	3	–	3
Deemed distribution upon issuance of Series A Preferred Shares *(note a)*	–	–	(285,583)	–	–	(285,583)	–	(285,583)
Capital injection to a subsidiary by non-controlling shareholders	–	–	22,696	–	–	22,696	45,589	68,285
Effect of Share Purchase Option (as defined in note b) granted to the Onshore Investors	–	–	(354,306)	–	–	(354,306)	–	(354,306)
Vesting of restricted ordinary shares	–	231	–	(231)	–	–	–	–
Recognition of equity-settled share-based payment *(note 26)*	–	–	–	2,785	–	2,785	–	2,785
At December 31, 2018	2	1,149	(617,193)	2,554	(207,608)	(821,096)	43,792	(777,304)
Loss and total comprehensive expenses for the year	–	–	–	–	(1,312,311)	(1,312,311)	(13,170)	(1,325,481)
Issuance of ordinary shares *(note 24 v)*	2	19	7,157	–	–	7,178	(7,157)	21
Issuance of Series A Preferred Shares by exercising of the Share Purchase Option	–	–	26,950	–	–	26,950	(26,950)	–
Vesting of restricted ordinary shares	–	923	–	(923)	–	–	–	–
Recognition of equity-settled share-based payment *(note 26)*	–	–	(3,485)	34,276	–	30,791	3,485	34,276
At December 31, 2019	4	2,091	(586,571)	35,907	(1,519,919)	(2,068,488)	–	(2,068,488)

Notes:

a. The Company issued Series A Preferred Shares (as defined in note 23) at a consideration of US$1 per share to 6 Dimensions Affiliates Fund, L.P. ("6 Dimensions Affiliates") and 6 Dimensions Capital, L.P. ("6 Dimensions Capital") (collectively referred to as the "Offshore Investors"). The amounts in other reserves represented the deemed distribution to the Offshore Investors, who are also shareholders of the Company, which arose from the difference between the fair value of the Series A Preferred Shares at the allotment date and the consideration received by the Group.

b. The Group's subsidiary, Ocumension Therapeutics (Shanghai) Co., Ltd. ("Ocumension Shanghai"), issued 44.94% of its equity interests of Ocumension Shanghai to Suzhou Frontline BioVentures Venture Capital Fund II L.P. ("Suzhou Frontline II") and Suzhou 6 Dimensions Venture Capital Partnership L.P. ("Suzhou 6 Dimensions") (collectively referred to as the "Onshore Investors") for the total consideration of RMB68,285,000 in 2018. The equity interests held by the Onshore Investors were accounted as the non-controlling interests. In addition, the Company also provided the Onshore Investors with the put options right to convert their equity interests in Ocumension Shanghai to the Company's ordinary shares and Series A Preferred Shares respectively ("Share Purchase Option"). Details of Share Purchase Option are set out in note 23.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Loss before tax	(209,405)	(1,325,481)
Adjustments for:		
Loss on changes in fair value of financial liabilities at FVTPL	158,736	1,196,248
Bank interest income	(25)	(3,877)
Depreciation of equipment	15	250
Depreciation of right-of-use assets	49	958
Finance costs	5	63
Share-based payment expenses	3,681	46,803
Gains from changes in fair value of other financial assets	(101)	(10,779)
Net unrealised foreign exchange loss (gain)	1,342	(13,133)
Operating cash flow before movements in working capital	(45,703)	(108,948)
Increase in trade and other receivables	(1,099)	(8,605)
Increase in inventories	–	(259)
Increase in trade and other payables	3,452	9,724
NET CASH USED IN OPERATING ACTIVITIES	(43,350)	(108,088)
INVESTING ACTIVITIES		
Interest received from banks	25	–
Placement of time deposit	–	(558,096)
Deposits for rental	(240)	(449)
Purchase of equipment	(278)	(766)
Redemption of other financial assets	36,707	1,061,608
Placement of other financial assets	(102,874)	(1,482,214)
NET CASH USED IN INVESTING ACTIVITIES	(66,660)	(979,917)

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares *(note 24 iii and v)*	21	21
Proceeds from issuance of restricted ordinary shares *(note 26)*	3	–
Proceeds from issuance of Series A Preferred Shares *(note 23)*	68,723	72,703
Capital injection to Ocumension Shanghai and proceeds from issuance of Share Purchase Option *(note 23)*	68,285	–
Proceeds from issuance of Series B Preferred Shares *(note 23)*	–	1,240,652
Acquisition of additional equity interests in Ocumension Shanghai *(note 23)*	–	(70,749)
Payments of lease liabilities	(46)	(939)
Interest paid	(5)	(63)
NET CASH FROM FINANCING ACTIVITIES	136,981	1,241,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,971	153,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	–	25,629
Effects of exchange rate changes	(1,342)	13,155
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR, REPRESENTING BY BANK BALANCES AND CASH	25,629	192,404

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 27, 2018. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document. The Company and its subsidiaries (collectively referred to as the "Group") are a specialty biopharmaceutical platform, which committed to discovering (through either in-licensing or self-development), developing and commercialising innovative and best-in-class therapies for ophthalmic patients in the People's Republic of China (the "PRC"). Details of particulars of the subsidiaries are disclosed in note 32.

The functional currency of the Company and its subsidiaries is RMB, which is the same as the presentation currency of the Historical Financial Information.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

During the Track Record Period, the subsidiaries were incorporated or established by the Company.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by the IASB.

No audited statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirements.

3. APPLICATION OF NEW AND REVISED IFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with the IFRSs issued by the IASB, which are effective for the accounting period beginning on January 1, 2019, including IFRS 16 *Leases* ("IFRS 16") consistently throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

[1] Effective for annual periods beginning on or after January 1, 2021.

[2] Effective for annual periods beginning on or after January 1, 2022.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after June 1, 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRSs*, will be effective for annual periods beginning on or after January 1, 2020.

The directors of the Company anticipate that the application of these new and amendments to IFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the Group's financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies in accordance with IFRSs issued by the IASB. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities of the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest in a subsidiary is presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investment in a subsidiary

Investment in a subsidiary is included in the statements of financial position of the Company at cost less any identified impairment losses.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception and modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Share options/restricted ordinary shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised or the restricted ordinary shares are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from "loss before tax" as reported in the consolidated statements of profit or loss and other comprehensive expenses because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Equipment

Equipment for administrative purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets acquired separately

Intangible assets with finite useful lives, which are acquired separately, are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on equipment, intangible asset and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its equipment, intangible asset and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of equipment, intangible asset and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, corporates assets are allocated to individual cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquirer of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Preferred Shares

The convertible preferred shares that the Group has no contractual obligation to redeem and the conversion option of which may be settled by the exchange of variable number of the Group's own equity are measured at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of convertible preferred shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in note 23.

Obligation arising from put options over the ordinary shares of a subsidiary written to non-controlling shareholders for preferred shares of the Company

Put options written by the Company to non-controlling shareholders for preferred shares of the Company are accounted for as derivatives and are recognised at fair value upon initial recognition. Any changes of their fair values in subsequent reporting dates are recognised in the profit or loss.

The gross financial liability arising from the put options is recognised when contractual obligation to repurchase the equity interest in a subsidiary for preferred shares of the Company is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and subsequently measured at fair value of the financial instruments to be issued to exchange for the equity interest in a subsidiary with the corresponding debit to "other reserves". Prior to the exercise of the put options by non-controlling shareholders for preferred shares of the Company, the remeasurement of the estimated gross obligations under the Share Purchase Option to the non-controlling shareholders is recognised in the profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at each end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Research and development expenses

Research and development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management assess the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the Track Record Period, all research and development costs are expensed when incurred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Fair value of financial liabilities at FVTPL

The Company has issued a series of Preferred Shares and written Share Purchase Option to the Onshore Investors during the Track Record Period as set out in note 23. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow, back-solve method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company, possibilities under different scenarios such as qualified public offering, liquidation, and discount for lack of marketability, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the financial liabilities at FVTPL of the Group as at December 31, 2018 and 2019 are RMB867,348,000 and RMB3,318,750,000, respectively.

6. SEGMENT INFORMATION

The Group has been operating in one reportable segment, being the discovering, developing and commercialising ophthalmic therapies. The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer of the Group.

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in note 4. Accordingly, only entity-wide disclosures are presented.

Geographical information

All of the Group's non-current assets and capital expenditure are located or utilised in the PRC.

7. OTHER INCOME

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
Bank interest income	25	3,877

8. OTHER GAINS AND LOSSES

	Period Ended December 31, 2018 *RMB'000*	Year ended December 31, 2019 *RMB'000*
Net foreign exchange (loss) gain	(1,342)	15,122
Gain from changes in fair value of other financial assets		
– realised	40	10,181
– unrealised	61	598
Fair value loss of financial liabilities at FVTPL *(note 23)*	(158,736)	(1,196,248)
	(159,977)	(1,170,347)

9. FINANCE COSTS

	Period Ended December 31, 2018 *RMB'000*	Year ended December 31, 2019 *RMB'000*
Interest expenses on lease liabilities	5	63

10. LOSS BEFORE TAX

	Period Ended December 31, 2018 *RMB'000*	Year ended December 31, 2019 *RMB'000*
Loss before tax for the period/year has been arrived at after charging:		
Directors' emoluments *(note 12)*	3,486	33,242
Other staff costs:		
– salaries and other benefits	2,287	12,494
– discretionary bonus *(note)*	526	2,298
– retirement benefit scheme contributions	98	705
– share-based payments	790	18,374
	3,701	33,871
Depreciation of equipment	15	250
Depreciation of right-of-use assets	49	958
Auditors' remuneration	191	288

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

11. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax.

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the Group, since Ocumension (Hong Kong) Limited ("Ocumension Hong Kong") did not have tax assessable profit during the Track Record Period.

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC, the applicable tax rate of the PRC subsidiary is 25% during the Track Record Period.

The tax charge for the Track Record Period can be reconciled to the loss per the consolidated statements of profit or loss and other comprehensive expenses as follows:

	Period Ended December 31, 2018	**Year ended December 31, 2019**
	RMB'000	*RMB'000*
Loss before tax	(209,405)	(1,325,481)
Income tax expense calculated at 25%	(52,351)	(331,370)
Tax effect of expense that are not deductible for tax purpose	51,354	316,845
Tax effect of tax losses not recognised	976	14,072
Tax effect of deductible temporary differences not recognised	21	453
Income tax expenses recognised in profit or loss	–	–

At December 31, 2018 and 2019, the Group has unrecognised deductible temporary differences of RMB84,000 and RMB1,896,000. In the opinion of the directors of the Company, no deferred tax asset is recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At December 31, 2018 and 2019, the Group has unrecognised tax losses of approximately RMB3,905,000 and RMB60,193,000. No deferred tax asset has been recognised in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unrecognised tax losses will be carried forward and expire in years as follows:

	At December 31, 2018	**At December 31, 2019**
	RMB'000	*RMB'000*
2023	3,905	3,905
2024	–	56,288
	3,905	60,193

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid or payable to the directors and the Chief Executive Officer of the Company for the service provided to the Group during the Track Record Period are as follows:

	Salaries and other benefits *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Share-based payment *RMB'000*	Discretionary bonus *RMB'000 (note vi)*	Total *RMB'000*
For the Period Ended December 31, 2018					
Chief Executive Officer and executive director:					
Mr. Ye Liu *(note iii)*	1,066	–	1,995	425	3,486
Non-executive directors:					
Dr. Lian Yong Chen *(note ii)*	–	–	–	–	–
Mr. Wei Li *(note ii)*	–	–	–	–	–
Mr. Qingsheng Zhu *(note iv)*	–	–	–	–	–
Mr. Chungsau Yin *(note iv)*	–	–	–	–	–
	1,066	–	1,995	425	3,486
For the year ended December 31, 2019					
Chief Executive Officer and executive director:					
Mr. Ye Liu *(note iii)*	3,649	–	28,429	1,164	33,242
Non-executive directors:					
Dr. Lian Yong Chen *(note ii)*	–	–	–	–	–
Mr. Wei Li *(note ii)*	–	–	–	–	–
Mr. Qingsheng Zhu *(note iv)*	–	–	–	–	–
Mr. Chungsau Yin *(note iv)*	–	–	–	–	–
Mr. Yanling Cao *(note iv)*	–	–	–	–	–
Mr. Ye Shen *(note iv)*	–	–	–	–	–
	3,649	–	28,429	1,164	33,242

Notes:

i. The directors' emoluments shown above were for their service in connection with the management of the affairs of the Company and the Group. None of the directors of the Company has waived any emoluments during the Track Record Period.

ii. Dr. Lian Yong Chen and Mr. Wei Li were appointed as the non-executive directors of the Company on May 23, 2018 and April 13, 2018 respectively and re-designated as executive directors of the Company on April 28, 2020.

iii. Mr. Ye Liu was appointed as executive director and chief executive officer of the Company on November 23, 2018 and August 1, 2018 respectively. Mr. Ye Liu was granted with share options, Series A Preferred Shares and restricted ordinary shares in respect of his service to the Group. Details are set out in notes 23, 24 and 26.

iv. Mr. Qingsheng Zhu and Mr. Chungsau Yin were appointed as non-executive directors of the Company on November 23, 2018 and February 27, 2018 respectively and resigned on June 18, 2019. Mr. Yanling Cao and Mr. Ye Shen were appointed as non-executive directors on June 18, 2019 and Mr. Ye Shen resigned on April 24, 2020.

v. Mr. Ting Yuk Anthony Wu, Mr. Lianming He and Mr. Yiran Huang were appointed as the independent non-executive directors of the Company on [June 23, 2020].

vi. Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included one director of the Company for the Track Record Period, details of whose remuneration are set out above. Details of the remuneration for the remaining four highest paid employees for the Track Record Period are as follows:

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
Salaries and other benefits	1,972	5,207
Discretionary bonus *(note)*	499	1,129
Retirement benefit scheme contributions	62	148
Share-based payments	790	15,339
	3,323	21,823

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The emoluments of these employees (excluding one director) are within the following bands:

	Period Ended December 31, 2018	Year ended December 31, 2019
	No. of employees	*No. of employees*
Nil to Hong Kong Dollars ("HK$") 1,000,000	3	–
HK$2,000,001 to HK$2,500,000	1	–
HK$5,000,001 to HK$5,500,000	–	2
HK$6,500,001 to HK$7,000,000	–	1
HK$7,000,001 to HK$7,500,000	–	1
	4	4

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
Loss for the period/year attributable to the owners of the Company for the purpose of basic and diluted loss per share	(207,608)	(1,312,311)

Number of shares

	Period Ended December 31, 2018	Year ended December 31, 2019
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	17,694,051	41,024,255

The computation of basic and diluted loss per share for the Track Record Period excluded the unvested restricted ordinary shares of the Company. Details of these restricted ordinary shares are set out in note 24.

The weighted average number of shares for the purpose of basic and diluted loss per share for the Track Record Period is calculated based on the assumption that the Sub-division (defined in note 35b) of shares as disclosed in note 35 have been adjusted retrospectively.

The computation of diluted loss per share for the Period Ended December 31, 2018 and the year ended December 31, 2019 respectively did not assume conversion of the preferred shares, the exercise of Share Purchase Option written to the non-controlling shareholders, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion or exercise would result in a decrease in loss per share.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period since its incorporation.

15. INTANGIBLE ASSET

In December 2019, the Group acquired a drug protection right, which was approved by the National Medical Products Administration, from an independent third party at a consideration of RMB25,000,000, which is assessed to have 5 years useful life.

16. RIGHT-OF-USE ASSETS

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Carrying amount		
Vehicles	–	138
Properties	1,123	1,098
	1,123	1,236

	Period Ended December 31, 2018	**Year ended December 31, 2019**
	RMB'000	*RMB'000*
Depreciation for the period/year		
Vehicles	–	117
Properties	49	841
	49	958

	Period Ended December 31, 2018	**Year ended December 31, 2019**
	RMB'000	*RMB'000*
Expenses relating to short-term leases	24	394
Total cash outflow for leases	75	1,396
Additions to right-of-use assets	1,172	1,071

During the Track Record Period, the Group leases various properties, office equipment and vehicles for its operations. Lease contracts are entered into for fixed term of 1 month to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension or termination options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group entered into short-term leases for office equipment and apartments. As at December 31, 2018 and 2019, the outstanding lease commitment relating to these office equipment and apartments are RMB232,000 and RMB1,064,000 respectively.

17. INVESTMENT IN A SUBSIDIARY

The Company

	At December 31, 2018 *RMB'000*	At December 31, 2019 *RMB'000*
Unlisted shares, at cost	22,599	876,905

18. TRADE AND OTHER RECEIVABLES

The Group

Details of trade and other receivables are as follows:

	At December 31, 2018 *RMB'000*	2019 *RMB'000*
Trade receivable *(note)*	–	96
Other receivables		
Prepayments for research and development services	944	7,365
Utility and rental deposits	85	409
Interest receivable	–	3,877
Value added tax recoverable	52	1,739
Others	18	95
	1,099	13,485
	1,099	13,581

Note: The amount represents receivables from the sole customer during the year ended December 31, 2019.

Analysis of trade and other receivables of the Group and the Company denominated in currencies other than RMB is set out below:

	At December 31, 2018 *RMB'000*	2019 *RMB'000*
United States dollar ("US$")	–	3,877

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on revenue recognition dates:

	At December 31,	
	2018	2019
	RMB'000	*RMB'000*
Within 3 months	–	96
	–	96

In order to minimise credit risk on trade and other receivables, the management of the Group makes individual assessment on the historical default experience and considering various external sources of actual and forecast economic information, as appropriate.

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

In the opinion of the management of the Group, the impairment loss of trade receivable balances at December 31, 2019 was insignificant as there has not been a significant change in credit quality and amounts are considered recoverable as at the year ended December 31, 2019 and no impairment loss on ECL is recognised during the year ended December 31, 2019.

The Company

Other receivables

	At December 31,	
	2018	2019
	RMB'000	*RMB'000*
Prepayments for research and development services	944	1,631
Interest receivable	–	3,877
	944	5,508

19. AMOUNT DUE FROM A SUBSIDIARY

The amount was non-trading in nature, unsecured, interest-free and repayable on demand.

20. OTHER FINANCIAL ASSETS

The other financial assets measured at FVTPL of the Group and the Company as at December 31, 2018 and 2019 are short-term investments issued by banks with no predetermined or guaranteed return and are not principal protected (the "Financial Products"). The Financial Products are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including bonds, debentures and other financial assets. As at December 31, 2018 and 2019, the initial investment cost of the Financial Products of the Group and the Company were RMB66,207,000 and RMB497,055,000 and RMB21,264,000 and RMB497,055,000 respectively. The expected return rate stated in the contract as at December 31, 2018 and 2019 ranged from 1%~4.25% per annum.

21. BANK BALANCES AND CASH/TIME DEPOSIT OVER THREE MONTHS

The Group

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rates which was nil as at December 31, 2018 and from nil to 2.50% as at December 31, 2019.

Bank balances and cash that are denominated in currencies other than RMB are set out below:

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
US$	6,881	159,867

The Company

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rate which was nil as at December 31, 2018 and from nil to 2.50% as at December 31, 2019.

Bank balances and cash that are denominated in currencies other than RMB are set out below:

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
US$	6,863	152,790

The Group and the Company

As at December 31, 2019, time deposit over three months represents deposit of the Company amounted to US$80,000,000 (approximately equivalent to RMB558,096,000) carried the fixed interest rate of 3.3% per annum with maturity on April 22, 2020.

22. TRADE AND OTHER PAYABLES

The Group

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Trade payables	13	3,940
Payables for		
– intangible asset, and research and development expenses	1,920	29,138
– legal and professional fee	265	309
– others	95	495
Other tax payables	50	200
Payroll payables	1,109	4,094
	3,452	38,176

The Company

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Trade payables	–	915
Payables for:		
– research and development expenses	1,661	1,593
– legal and professional fee	180	129
Payroll payables	1,109	2,369
	2,950	5,006

The average credit period on purchases of goods/services of the Group and the Company is 30 days, and the aging of trade payables of the Group and the Company, based on the invoice date, are within 30 days as at the end of each reporting period.

Analysis of trade and other payables of the Group and the Company denominated in currencies other than RMB is set out below:

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
US$	2,950	5,006

23. FINANCIAL LIABILITIES AT FVTPL

Preferred Shares

On May 23, 2018 and February 21, 2019, the Company entered into share purchase agreements with the Offshore Investors and a director of the Company pursuant to which the Company issued 10,000,000 Series A Preferred Shares and 293,303 Series A Preferred Shares with par value of US$0.0001 each ("Series A Preferred Shares) at a price of US$1.00 per share with the total considerations of US$10,000,000 (equivalent to RMB68,723,000) and US$293,303 (equivalent to RMB1,975,000) respectively. For these Series A Preferred Shares granted to the Offshore Investors, the difference, amounted to RMB285,583,000, between the fair value of the respective Series A Preferred Shares and the consideration received was recognised as deemed distribution to the shareholders upon August 28, 2018 and November 22, 2018 (the date of issuance). For these Series A Preferred Shares granted to a director of the Company, the difference, amounted of RMB12,527,000, between the fair value of the respective Series A Preferred Shares and the consideration received was recognised as share-based payments in profit or loss upon February 21, 2019 (the date of issuance).

On June 18, 2019, the Company issued 17,598,204 Series B Preferred Shares with par value of US$0.0001 each ("Series B Preferred Shares") to a group of investors for a cash consideration of US$180,000,000 (approximately equivalent to RMB1,240,652,000) or US$10.2283 per share.

The key terms of Series A Preferred Shares and Series B Preferred Shares (collectively referred as the "Preferred Shares") are as follows:

(a) Dividend rights

The Preferred Shares shall be entitled to receive a proportionate share of any such dividend or distribution, based on the number of shares then held by each member on an as-converted basis. The Company cannot declare, pay or set aside any dividends on ordinary shares unless the Preferred Shares holders shall first receive, or simultaneously receive, such dividends. Such dividends are not cumulative. No dividends have been declared up to the date of this report.

(b) Conversion feature

Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the respective original issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the respective issue price by the respective conversion price (as defined below), determined as hereinafter provided, in effect at the time of the conversion. The conversion price shall initially be the respective issue price per Preferred Share. Such initial conversion price shall be subject to adjustment (including but not limited to dividends, share splits and combinations, capital reorganisation or reclassification, and adjustment upon issuance of new securities for consideration per shares less than Conversion Price) and the initial conversion ratio for Preferred Shares to ordinary shares is 1:1.

Each Preferred Share shall automatically be converted into ordinary shares at the then respective effective conversion price upon (i) the closing of a Qualified Public Offering (as defined below), or (ii) for each class or series of Preferred Shares, the written consent of the holders of a majority of such class or series of Preferred Shares.

Qualified Public Offering means a firm underwritten public offering of the ordinary shares of the Company on Hong Kong Stock Exchange, Nasdaq Stock Market, New York Stock Exchange, London Stock Exchange or recognised regional or national securities exchange approved by the holders of a majority of the outstanding Preferred Shares.

(c) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, or the cessation of the business of the Group or of a substantial portion of the business of the Group, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company in the sequence as follows:

(1) Series B Preferred Shares

(2) Series A Preferred Shares

(d) Voting rights

The holder of any ordinary share issued and outstanding shall have one vote for each ordinary share held by such holder, and the holder of any Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class except as otherwise provided herein. Holders of ordinary shares and Preferred Shares shall be entitled to notice of any shareholders' meeting. Ordinary shares and Preferred Shares shall vote together as a single class and calculated on an as converted basis on matters to be voted by the holders of ordinary shares and Preferred Shares.

(e) Anti-dilution rights

In the event that the Company shall issue additional ordinary shares without consideration or for a consideration per share less than the respective conversion price of any class of Preferred Shares in effect on the date of and immediately prior to such issue, the respective applicable conversion price of that class of Preferred Shares shall be reduced, concurrently with such issue.

Share Purchase Option

On July 12, 2018, Ocumension Shanghai issued 44.94% equity interests to the Onshore Investors for the total consideration of US$10,000,000 (equivalent to RMB68,285,000). Upon the equity investment, the Company also granted the Onshore Investors with the Share Purchase Option in which, the Onshore Investors were entitled to an option of subscribing 3,050,000 ordinary shares and 10,000,000 Series A Preferred Shares to be issued by the Company, when the Onshore Investors choose to dispose of equity interests in Ocumension Shanghai to Ocumension Hong Kong at the consideration by reference to the valuation of Ocumension Shanghai determined by the Group and the Onshore Investors. No Share Purchase Option has been exercised during the Period Ended December 31, 2018.

On September 18, 2019, the Onshore Investors exercised the Share Purchase Option and entered into an equity transfer agreement with Ocumension Hong Kong, pursuant to which, the Onshore Investors transferred all of their equity interests in Ocumension Shanghai at a consideration of US$10 million (equivalent to RMB70,749,000) and the same consideration was settled by the Onshore Investors for 3,050,000 ordinary shares and 10,000,000 Series A Preferred Shares issued by the Company. After exercising the Share Purchase Option and completing the transfer of equity interests of Ocumension Shanghai to Ocumension Hong Kong, Ocumension Shanghai became an indirect wholly-owned subsidiary of the Company.

The two series of preferred shares and Share Purchase Option were issued as follows:

	Date of grant	Number of investors	Total number of shares subscribed (cancelled)	Subscription price per share	Total consideration *USD'000*	Equivalent to RMB *RMB'000*
Offshore subscription						
Series A						
Tranche 1	August 28, 2018	2	2,500,000	US$1	2,500	16,705
Tranche 2	November 22, 2018	2	7,500,000	US$1	7,500	52,018
Tranche 3	September 18, 2019	2	10,000,000	US$1	10,000	70,728
Tranche 4	February 21, 2019	1	293,303	US$1	290	1,975
			20,293,303		20,293	141,426
Series B						
Tranche	June 18, 2019	10	17,598,204	US$10.2283	180,000	1,240,652
Onshore subscription						
Series A*						
Tranche 3	July 12, 2018	2	10,000,000	US$1	10,000	68,285
	September 18, 2019	2	(10,000,000)	US$1	(10,000)	(70,728)

Presentation and Classification

The Preferred Shares are financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the financial liability attributable to the change in credit risk of the Group is minimal.

The Group recognised the gross obligations from Share Purchase Option for the Preferred Shares of the Company as financial liabilities carried at FVTPL as the put option is over the equity interests of Ocumension Shanghai and therefore does not meet the definition of equity for the Company.

The Company has recognised the Share Purchase Option as financial liabilities carried at FVTPL.

Changes in fair value of the Preferred Shares and the Share Purchase Option are charged to profit or loss and included in "other gains and losses".

The Preferred Shares and Share Purchase Option were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink Management Consultants Limited, which has appropriate qualifications and experiences in valuation of similar instruments. The address of ValueLink Management Consultants Limited is Room 1201, Jing Guang Centre Business Building, 1 Chaoyangmen Outer Street, Chaoyang District, Beijing, the PRC.

The Company used the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a Binomial Option Pricing model ("OPM model") to arrive the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

In addition to the underlying share value of the Company determined by discounted cash flow and back-solve method, other key valuation assumptions used in OPM model to determine the fair value are as follows:

	At August 28, 2018	At November 22, 2018	At December 31, 2018	At February 21, 2019	At June 18, 2019	At September 18, 2019	At December 31, 2019
Time to [**REDACTED**]	31/05/2023	31/05/2023	31/05/2023	31/05/2023	18/06/2022	18/06/2022	31/12/2020
Time to liquidation	31/05/2023	31/05/2023	31/05/2023	31/05/2023	31/05/2023	31/05/2023	31/05/2023
Risk-free interest	2.77%	2.88%	2.50%	2.51%	1.81%	1.42%	1.63%
Volatility-[**REDACTED**] scenario	72%	72%	72%	68%	64%	64%	72%
Volatility-liquidation scenario	72%	72%	72%	68%	65%	65%	67%
Dividend yield	–	–	–	–	–	–	–
Possibilities under liquidation scenario	85%	80%	80%	80%	70%	70%	65%
Possibilities under [**REDACTED**] scenario	15%	20%	20%	20%	30%	30%	35%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The Group

	Preferred Shares *RMB'000*	Gross obligation from Share Purchase Option written *RMB'000*	Total *RMB'000*
At February 27, 2018 (date of incorporation)	–	–	–
Fair value at issuance date	354,306	354,306	708,612
Changes in fair value *(note)*	79,368	79,368	158,736
At December 31, 2018	433,674	433,674	867,348
Fair value at issuance date	1,255,154	–	1,255,154
Changes in fair value *(note)*	828,823	367,425	1,196,248
Exercise of Share Purchase Option	801,099	(801,099)	–
At December 31, 2019	3,318,750	–	3,318,750

The Company

	Preferred Shares *RMB'000*	Share Purchase Option *RMB'000*	Total *RMB'000*
At February 27, 2018 (date of incorporation)	–	–	–
Fair value at issuance date	354,306	22,599	376,905
Changes in fair value (*note*)	79,368	10,955	90,323
At December 31, 2018	433,674	33,554	467,228
Fair value at issuance date	1,255,154	–	1,255,154
Changes in fair value *(note)*	828,823	(33,554)	795,269
Exercise of Share Purchase Option	801,099	–	801,099
At December 31, 2019	3,318,750	–	3,318,750

Note: Changes in fair value presented in RMB includes effect of exchange on translation from US$ balances.

24. SHARE CAPITAL

	Number of shares	Share capital *US$'000*
Ordinary shares		
Ordinary shares of US$1 each		
Authorised		
At February 27, 2018 (date of incorporation)	50,000	50
Sub-division of ordinary shares of US$0.0001 each		
At May 23, 2018 *(note i)*	500,000,000	50
Reclassification and re-designation on issuance of Series A Preferred Shares *(note i)*	(20,000,000)	(2)
At December 31, 2018	480,000,000	48
Reclassification and re-designation on issuance of Series A Preferred Shares *(note ii)*	(293,303)	–
Reclassification and re-designation on issuance of Series B Preferred Shares *(note ii)*	(17,598,204)	(2)
At December 31, 2019	462,108,493	46

	Number of shares	Amount *US$'000*	Equivalent Amount of ordinary shares *RMB'000*
Issue and fully paid			
At February 27, 2018 (date of incorporation)	1	–	–
Issuance of ordinary shares *(note iii)*	3,154,999	–	2
Issuance of restricted ordinary shares *(note iv)*	435,555	–	–
At December 31, 2018	3,590,555	–	2
Issuance of ordinary shares by exercise Share Purchase Option for ordinary shares *(note v)*	3,050,000	–	2
December 31, 2019	6,640,555	–	4

Notes:

(i) On May 23, 2018, a special shareholder resolution was passed to subdivide the ordinary share capital of the Company from 50,000 Shares of a par value of US$1.00 each to 500,000,000 shares of a par value of US$0.0001 each ("Ordinary Shares"), and re-designated 20,000,000 Ordinary Shares into 20,000,000 Series A Preferred Shares of par value of US$0.0001 each.

(ii) On February 21, 2019, the Company redesignated and reclassified 293,303 shares in its authorised capital into Series A Preferred Shares and on May 29, 2019, the Company redesignated and reclassified 17,598,204 shares in its authorised capital into Series B Preferred Shares. Details of Preferred Shares are set out in note 23.

(iii) On May 23, 2018 and August 28, 2018, the Company issued 2,549,999 ordinary shares and 500,000 ordinary shares with a par value of US$0.0001 to the Offshore Investors at the total cash consideration of approximately RMB21,000.

On August 28, 2018, the Company issued 105,000 ordinary shares with a par value of US$0.0001 to advisors of the Group with the fair value RMB896,000, For those ordinary shares granted to advisors, the difference between the fair value of these ordinary shares and the cash consideration received was recognised as the share-based payments in profit and loss upon the date of grant.

(iv) On August 28, 2018, the Company issued 435,555 restricted ordinary shares with a par value of US$0.0001 each to certain a director and an employee of the Company. Details are set out in note 26.

(v) On September 18, 2019, as disclosed in note 23, the Onshore Investors exercised their Share Purchase Option to subscribe 3,050,000 ordinary shares of the Company at US$0.001 per share at a total consideration of RMB21,000.

25. RESERVES OF THE COMPANY

	Share premium *RMB'000*	Other reserves *RMB'000*	Share-based payment reserve *RMB'000 (note 26)*	Accumulated losses *RMB'000*	Total *RMB'000*
At February 27, 2018 (date of incorporation)	–	–	–	–	–
Loss and total comprehensive expenses for the period	–	–	–	(136,596)	(136,596)
Issuance of ordinary shares *(note 24 iii)*	19	–	–	–	19
Issuance of ordinary share to advisors *(note 24 iii)*	896	–	–	–	896
Issuance of restricted ordinary shares *(note 24 iv)*	3	–	–	–	3
Issuance of Series A Preferred Shares *(note 23)*	–	(285,583)	–	–	(285,583)
Vesting of restricted ordinary shares	231	–	(231)	–	–
Recognition of equity-settled share-based payment *(note 26)*	–	–	2,785	–	2,785
At December 31, 2018	1,149	(285,583)	2,554	(136,596)	(418,476)
Loss and total comprehensive expenses for the year	–	–	–	(848,606)	(848,606)
Issuance of ordinary shares *(note 24 v)*	19	–	–	–	19
Recognition of equity-settled share-based payment *(note 26)*	–	–	34,276	–	34,276
Vesting of restricted ordinary shares	923	–	(923)	–	–
At December 31, 2019	2,091	(285,583)	35,907	(985,202)	(1,232,787)

26. SHARE-BASED PAYMENT TRANSACTIONS

Save for the Series A Preferred Shares granted to a director of the Company and ordinary shares granted to advisors, as disclosed in notes 23, and 24 respectively, the Group has the following share-based payment during the Track Record Period.

Restricted share award

To provide the incentive and maintain the key management of the Group, on August 28, 2018, the Company issued 290,370 restricted ordinary shares to Mr. Ye Liu and 145,185 restricted ordinary shares to an employee (collectively referred to as "Restricted Person") at the total consideration of approximately RMB3,000 (at US$0.001 per share).

The Company shall have the right to repurchase the unvested shares from the Restricted Person at the initial issuance price upon termination of the Restricted Person's employment or upon his voluntary termination of his employment with the Company (the "Repurchase Right").

None of the restricted ordinary shares may be sold, transferred, pledged, hypothecated, or otherwise disposed of, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares as of the grant date and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. The restricted ordinary shares shall be vested over four years on a quarterly basis from August 28, 2018 until August 27, 2022.

The total expenses recognised in the consolidated profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB981,000 and RMB1,529,000 respectively for the Period Ended December 31, 2018 and the year ended December 31, 2019.

The restricted ordinary shares were valued by the directors of the Company with reference to the valuation carried out by Valuelink Management Consultants Limited, on the grant date of the restricted ordinary shares. The fair value of the restricted ordinary shares as determined to be RMB8.47 per share as of August 28, 2018.

The following table summarised the Group's restricted ordinary shares movement during the Track Record Period.

	Number of unvested restricted ordinary shares	**Weighted average granted date fair value** *RMB*
Restricted ordinary shares		
At February 27, 2018 (date of incorporation)	–	–
Granted	435,555	8.47
Vested	(27,222)	8.47
At December 31, 2018	408,333	8.47
Vested	(108,889)	8.47
At December 31, 2019	299,444	8.47

Fair value of restricted ordinary shares granted

Discounted cash flow method was used to determine the underlying equity fair value of the Company and OPM model to determine the fair value of the restricted ordinary shares granted. The key inputs into the model other than the underlying equity fair value of the Company at the date of grant were as follows:

	At August 28, 2018
Time to liquidation	31/05/2023
Risk-free interest rate	2.77%
Volatility	72%
Dividend yield	–
Possibilities under liquidation scenario	85%
Possibilities under [**REDACTED**] scenario	15%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the valuation date to the expected liquidation date. Volatility was estimated on the valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the valuation date to expected liquidation/[**REDACTED**] date.

Equity-settled share option scheme of the Company

The Company's pre-[**REDACTED**] share option scheme (the "Option Scheme") was adopted pursuant to a resolution passed on May 23, 2018 for the primary purpose of providing incentives to director and eligible employees who render services to the Group. Under the Option Scheme, the Company may grant options to eligible employees, including the directors of the Company, to subscribe for shares in the Company.

The directors of the Company approved up to 2,396,480 shares of the Company after the sub-division of ordinary shares on May 23, 2018, in which options may be granted under the Option Scheme. On January 22, 2020, a resolution was passed by the board of directors of the Company to increase the capacity of the Option Scheme to 6,032,889 shares.

On August 28, 2018, January 22, 2019 and September 1, 2019, Option A, Option B and Option C were granted to a director and certain employee(s) of the Group respectively under the Option Scheme generally vest over a 60-month period, consisting of a cliff vesting of 20% on the first trading date after the expiry of one year after the commencement date of the staff employment and a vesting of 5 percent (5%) of the options of each quarter after the expiry of one year after the commencement date of the director and staff employment. The exercisable period of the Option Scheme will be expired two years following the occurrence of an [**REDACTED**] of the Group.

Set out below are details of the movements of the outstanding options granted under the Option Scheme during the Track Record Period:

Option	Name of grantee	Date of grant	Exercisable period	Exercise price *US$*	Outstanding as at 27.2.2018 (date of incorporation)	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 31.12.2018
	Director								
Option A	Mr. Ye Liu	28.8.2018	*	US$0.01	–	871,110	–	–	871,110
	Employee								
Option A	Employee	28.8.2018	*	US$0.01	–	290,370	–	–	290,370
					–	1,161,480	–	–	1,161,480
	Exercisable at the end of the period								–
	Weighted average exercise price				–	US$0.01	–	–	US$0.01

Option	Name of grantee	Date of grant	Exercisable period	Exercise price *US$*	Outstanding as at 1.1.2019	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31.12.2019
	Director								
Option A	Mr. Ye Liu	28.8.2018	*	US$0.01	871,110	–	–	–	871,110
Option C	Mr. Ye Liu	1.9.2019	*	US$1.88	–	413,114	–	–	413,114
	Employees								
Option A	Employee	28.8.2018	*	US$0.01	290,370	–	–	–	290,370
Option B	Employees	22.1.2019	*	US$0.1	–	525,666	–	–	525,666
Option C	Employees	1.9.2019	*	US$1.88	–	296,219	–	–	296,219
					1,161,480	1,234,999	–	–	2,396,479
	Exercisable at the end of the year								605,358
	Weighted average exercise price				US$0.01	US$1.12	–	–	US$0.58

* The exercisable period of the Option Scheme will be expired two years following the occurrence of an [**REDACTED**] of the Company.

The fair value of the options granted was determined using the Black-Scholes pricing model. These fair values and corresponding inputs into the model were as follows:

	Option A	Option B	Option C
Grant date option fair value per share	US$1.25	US$6.10	US$7.86
Exercise price	US$0.01	US$0.10	US$1.88
Expected volatility	73.7%	72.7%	68.0%
Expected life	6.76	6.36	4.80
Risk-free rate	2.83%	2.63%	1.40%
Expected dividend yield	nil	nil	nil
Fair value at grant date	RMB9,842,000	RMB21,750,000	RMB39,511,000

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognised the total expense of RMB1,804,000 and RMB32,747,000 for the Period Ended December 31, 2018 and the year ended December 31, 2019, respectively, in relation to share options granted by the Company.

27. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of the Historical Financial Information, the Group has the following transactions and balances with the related parties during the Track Record Period.

(a) Related party transactions

Administrative expenses paid by related parties on behalf of the Group:

	Period Ended December 31, 2018 *RMB'000*	Year ended December 31, 2019 *RMB'000*
6 Dimensions Capital, L.P.	397	–
Frontline BioVentures (Shanghai) Limited ("崇凱創業投資諮詢(上海)有限公司")	474	–
Total	871	–

Note: 6 Dimensions Capital, L.P. is one of the shareholders of the Company and Frontline BioVentures (Shanghai) Limited is a wholly owned by the director of the Company.

(b) Related party balances

Details of the outstanding balances with related parties are set out in note 19.

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Period Ended December 31, 2018	Year ended December 31, 2019
	RMB'000	*RMB'000*
Short term benefits	2,783	8,505
Discretionary bonus *(note)*	879	2,334
Post-employment benefits	36	99
Share-based payment	2,785	39,665
	6,483	50,603

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

28. INVESTMENT COMMITMENT

Pursuant to the cooperation agreement entered with Suzhou Wuzhong Economic and Technological Development Zone Management Committee (蘇州吳中經濟技術開發區管理委員會) (the "Management Committee"), the Group committed to acquire 100% equity interests of Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司) ("Suzhou Xiaxiang"), which was established by Suzhou Wuzhong Asset Management Co., Ltd. (蘇州市吳中資產經營管理有限公司), a wholly owned subsidiary of the Management Committee, after the listing or within three years of the commencement of Suzhou Xiaxiang's operation, whichever is earlier, on the condition that relevant property ownership certificates have been obtained. The consideration of the acquisition will be determined by reference to the valuation result conducted by an independent third party upon the acquisition date.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes Preferred Shares (net of bank balances and cash), and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVTPL	66,268	497,653
Amortised cost (including cash and cash equivalents)	25,972	755,666
Financial liabilities		
Amortised cost	2,293	33,882
Designated as financial liabilities at FVTPL	867,348	3,318,750

The Company

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVTPL	21,264	497,653
Amortised cost (including cash and cash equivalents)	6,897	714,763
Financial liabilities		
Amortised cost	1,841	2,637
Designated as financial liabilities at FVTPL	467,228	3,318,750

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, other financial assets, time deposits, bank balances and cash, trade and other payables and financial liabilities at FVTPL. The Company's major financial assets and liabilities include other receivables, amount due from a subsidiary, other financial assets, time deposits, bank balances and cash, trade and other payables and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain time deposits, bank balances and cash, other financial assets, trade and other receivables, trade and other payables, Preferred Shares and gross obligation from Share Purchase Option written are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

The Group

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Assets		
US$	29,071	1,214,068
Liabilities		
US$	870,298	3,323,756

The Company

	At December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Assets		
US$	29,105	1,214,068
Liabilities		
US$	470,178	3,323,756

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against US$, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A negative/positive number below indicates an increase/decrease in loss where RMB strengthens 5% against US$. For a 5% weakening of RMB against US$ and HK$, there would be an equal and opposite impact on loss for the year/period.

	Period ended December 31, 2018	**Year ended December 31, 2019**
	RMB'000	*RMB'000*
Impact on profit or loss		
The Group		
US$	42,061	105,484
The Company		
US$	22,054	105,484

(ii) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to lease liabilities, fixed-rate time deposits and bank deposits. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from Preferred Shares, and gross obligation from Share Purchase Option written, which were classified as financial liabilities at FVTPL.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

If the equity value of the ordinary shares of the Company had been changed based on the 5% higher/lower:

- the post-tax loss of the Group for the Period Ended December 31, 2018 would increase by approximately RMB43,020,000 and decrease by approximately RMB43,014,000; and
- the post-tax loss of the Group for the year ended December 31, 2019 would increase by approximately RMB161,836,000 and decrease by approximately RMB161,844,000.

If the equity value of the ordinary shares of the Company had been changed based on the 5% higher/lower:

- the post-tax loss of the Company for the Period Ended December 31, 2018 would increase by approximately RMB44,203,000 and decrease by approximately RMB44,197,000; and
- the post-tax loss of the Company for the year ended December 31, 2019 would increase by approximately RMB161,836,000 and decrease by approximately RMB161,844,000.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the amount of each class of financial assets as disclosed in the consolidated statements of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivable are assessed individually, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each year.

The Group has concentration of credit risk as 100% of the total trade receivable was due from a reputable pharmaceutical company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, as at December 31, 2019. According to assessment of the management, since all of the trade receivable balance is still within the credit term and there's no indicator that the credit risk would significantly increase in the foreseeable future, in the opinion of the management, the impairment loss for the trade receivable from this customer is immaterial.

In order to minimise the credit risk with customers, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

For other receivables, the Group has applied 12m ECL in IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each period/year.

For other receivables which are mainly interest receivable from bank deposit, the management considered those banks are with good reputation and transaction record.

The management of the Group believes that the Group's credit risk in trade and other receivables is significantly reduced.

The credit risk on time deposit and bank balances is limited because the counterparties are reputable financial institutions. The management are of the opinion that the average loss rate is no more than 0.5% and no impairment was provided at the end of each period/year.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of Preferred Shares as a significant source of liquidity.

During the Track Record Period, the Group issued Series A Preferred Shares and Series B Preferred Shares to shareholders and independent investors which do not contain any redemption term by the holders. [The directors of the Company are satisfied that the Group and the Company will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after review of the Group's cashflow projection covering a period of twelve months and taking into account of the aforesaid proceeds from the Preferred Shares and the expected working capital requirements for the next twelve months from the end of each reporting period.]

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	**Within 1 year and on demand**	**1 to 2 years**	**Total**	**Carrying amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group					
At December 31, 2018					
Trade and other payables	N/A	2,293	–	2,293	2,293
Lease liabilities	4.7	638	537	1,175	1,126
		2,931	537	3,468	3,419
At December 31, 2019					
Trade and other payables	N/A	33,882	–	33,882	33,882
Lease liabilities	4.7	1,299	–	1,299	1,259
		35,181	–	35,181	35,141
The Company					
At December 31, 2018					
Trade and other payables	N/A	1,841	–	1,841	1,841
At December 31, 2019					
Trade and other payables	N/A	2,637	–	2,637	2,637

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's other financial assets including financial products (details refer to note 20) which are measured at fair value at December 31, 2018 and 2019 are grouped under Level 3 hierarchy. Fair value of these Financial Products was determined by discounted cash flow, which was estimated based on expected return, discounted at a rate that reflects the risk of underlying investments. As at December 31, 2018 and 2019, if the estimated return was 5% higher/lower and the other variables were held constant, the total carrying amount of these Financial Products would increase/decreased by RMB3,000/RMB3,000 and RMB30,000/RMB30,000 respectively.

In addition, the Group's financial liabilities at FVTPL are measured at fair value at December 31, 2018 and 2019 and are grouped under Level 3 hierarchy. The fair values estimated based on discounted cash flow and back-solve method, detail valuation parameters and major assumptions used in the valuation are disclosed in note 23. Fair value of preferred shares is most significantly affected by volatility. A decrease in volatility would cause increase in the fair value of Preferred Shares and gross obligation of Shares Purchase Option written.

A 5% increase/decrease in the volatility and holding all other variables constant would decrease/increase the fair value of the Preferred Shares and gross obligation from Share Purchase Option written of the Group by RMB11,534,000/RMB11,430,000 as at December 31, 2018 and RMB68,420,000/RMB41,054,000 as at December 31, 2019.

A 5% increase/decrease in the volatility and holding all other variables constant would decrease/increase the fair value of the Preferred Shares and Share Purchase Option of the Company by RMB6,177,000/RMB6,113,000 as at December 31, 2018.

There were no transfers between level 1 and level 2 during the period/year.

(ii) Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 measurements of other financial assets during the Track Record Period:

	RMB'000
At February 27, 2018 (date of incorporation)	–
Purchase of other financial assets	102,874
Redemption of other financial assets	(36,707)
Net gain on other financial assets	101
At December 31, 2018	66,268
At January 1, 2019	66,268
Purchase of other financial assets	1,482,214
Redemption of other financial assets	(1,061,608)
Net gain on other financial assets	10,779
At December 31, 2019	497,653

Details of reconciliation of Level 3 fair value measurement for Preferred Shares and gross obligation from Share Purchase Option written are set out in note 23.

Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses".

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

31. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB98,000, and RMB705,000 for the Period Ended December 31, 2018 and for the year ended December 31, 2019 respectively.

32. PARTICULARS OF SUBSIDIARIES

As at December 31, 2018 and 2019 and the date of this report, the Group's subsidiaries are as follows:

Name of subsidiary	Place/country and date of establishment/ incorporation	Issued and fully paid share/ registered capital	Equity interest attributable to the Group as at December 31,		up to the date of this report	Principal activities
			2018 %	*2019* %	%	
Ocumension Hong Kong	Hong Kong March 7, 2018	US$1	100	100	[100]	Investment holding
Ocumension Shanghai	Shanghai May 25, 2018	US$15,003,030	55.06	100	[100]	Researching, developing and commercialising therapies for ophthalmic patients

All of the subsidiaries adopted December 31 as financial year end.

No statutory financial statements have been prepared for the Company, as there is no statutory audit requirement.

The statutory financial statements of Ocumension Hong Kong for the period from March 7, 2018 to December 31, 2018 and [for the year ended December 31, 2019] were prepared in accordance with Hong Kong Financial Reporting Standards and were audited by TAI WAN SANG & CO. Certified Public Accountants.

The statutory financial statements of Ocumension Shanghai for the period from May 25, 2018 to December 31, 2018 and for the year ended December 31, 2019 were prepared in accordance with People's Republic of China Generally Accepted Accounting Principles and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

None of the subsidiaries has issued any debt securities as at December 31, 2018 and 2019.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests as at December 31, 2018	2019	Loss allocated to non-controlling interests Year ended December 31, 2018	2019	Accumulated non-controlling interests as at December 31, 2018	2019
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ocumension Shanghai	PRC	44.94%	–*note*	(1,797)	(13,170)	43,792	–

Note: In 2019, upon the exercise of the Share Purchase Option, the non-controlling interests of Ocumention SH became ordinary and preferred shareholders of the Company (note 23).

Summarised financial information in respect of Ocumention Shanghai that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	At December 31, 2018 *RMB'000*
Current assets	97,440
Non-current assets	1,626
Current liabilities	1,104
Non-current liabilities	524
Equity attributable to owners of the Company	53,646
Non-controlling interests of Ocumention Shanghai	43,792

	For the period from July 12, 2018 to December 31, 2018 *RMB'000*	For the period from January 1, 2019 to September 18, 2019 *RMB'000*
Other income	4	1,267
Expenses	(4,380)	(30,599)
Loss and total comprehensive expenses for the period	(4,376)	(29,332)
Loss and total comprehensive expenses attributable to:		
Owners of the Company	(2,579)	(16,162)
Non-controlling interests of Ocumension Shanghai	(1,797)	(13,170)
Loss and total comprehensive expenses for the period	(4,376)	(29,332)

	For the period from July 12, 2018 to December 31, 2018 *RMB'000*	For the period from January 1, 2019 to September 18, 2019 *RMB'000*
Net cash outflow from operating activities	(3,964)	(57,416)
Net cash (outflow) inflow from investing activities	(45,522)	43,789
Net cash inflow from financing activities	68,234	34,393
Net cash inflow	18,748	20,766

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Financial liabilities at FVTPL *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At February 27, 2018 (date of incorporation)	–	–	–
Financing cash flows	137,008	(51)	136,957
Interest expenses	–	5	5
New leases entered	–	1,172	1,172
Deemed distribution to shareholders	571,604	–	571,604
Fair value changes	158,736	–	158,736
At December 31, 2018	867,348	1,126	868,474
Financing cash flows	1,242,627	(1,002)	1,241,625
Interest expenses	–	63	63
New leases entered	–	1,072	1,072
Share-based payment expenses	12,527	–	12,527
Fair value changes	1,196,248	–	1,196,248
At December 31, 2019	3,318,750	1,259	3,320,009

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2019 and up to the date of this report.

35. SUBSEQUENT EVENTS

Saved as disclosed in elsewhere of the report, the following significant events took place subsequent to December 31, 2019:

a. The outbreak of the 2019 Novel Coronavirus ('COVID-19') in the world and the subsequent quarantine measures imposed by the Chinese government as well as the travel restrictions imposed by other countries in early 2020 have had a negative impact on the operations of the Group since February 2020. The outlook of economy slowdown and/or negative business sentiment could potentially have an indirect impact on the ophthalmic drug market and the business operation and financial condition may be adversely affected. The directors are still assessing the financial impact that the COVID-19 will have on the Group's financial position and operating results as at the date that this Historical Financial Information is authorised for issuance.

b. Pursuant to written resolutions of the Company's shareholders passed on [June 23, 2020], the directors of the Company had authorised to subdivide each ordinary shares and preferred shares in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with par value of US$0.00001 each (the "Sub-division").

c. The Company adopted a restricted share unit scheme ("RSU Scheme") on April 28, 2020, under which, 2,400,000 shares (before the Share Sub-division), representing an aggregate of [**REDACTED**] of the total issued share capital of the Company immediately following the Share Sub-division and the [**REDACTED**] (assuming no exercise of the [**REDACTED**]),will be issued by the Company under the RSU Scheme prior to the [**REDACTED**]. The Company had not issued any share or identified any grantee under the RSU Scheme.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$[50,000] divided into [5,000,000,000] Shares of US$[0.00001] each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so

contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so

that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a 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 proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so 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 entitled to exercise the same rights and

powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it

as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 February 2018 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or 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 a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, 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. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and

liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising 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 section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated as an exempt company with limited liability in the Cayman Islands on February 27, 2018. Our registered office address is at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in the section headed "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix III to this document.

Our registered place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 2, 2020 with the Registrar of Companies in Hong Kong. Ms. Pui Chun Hannah SUEN (孫佩真) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As the date of this document, our Company's head office was located at Room 502-1, Want Want Plaza, No. 211 Shimen Yi Road, Jing'an District, Shanghai, the PRC.

2. Changes in Share Capital of Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 27, 2018 with an authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1.00 each as at the date of incorporation.

On May 23, 2018, the 50,000 shares of US$1.00 par value of our Company was subdivided into 500,000,000 shares of US$0.0001 par value each and such shares were re-classified and re-designated into (i) 480,000,000 ordinary shares of par value of US$0.0001 each, and (ii) 20,000,000 Series A Preferred Shares of par value of US$0.0001 each. On the same date, our Company issued 2,422,500 ordinary shares and 2,375,000 Series A Preferred Shares to 6 Dimensions Capital, and issued 127,500 ordinary shares and 125,000 Series A Preferred Shares to 6 Dimensions Affiliates.

On August 28, 2018, our Company issued 1,040,555 ordinary shares to the Pre-Series A Shareholders.

On November 22, 2018, our Company issued 7,125,000 Series A Preferred Shares and 375,000 Series A Preferred Shares to 6 Dimensions Capital and 6 Dimensions Affiliates, respectively.

On February 21, 2019, our Company issued 293,303 Series A Preferred Shares to Mr. Liu.

On June 18, 2019, our Company issued 17,598,204 Series B Preferred Shares to the Series B Investors.

On September 18, 2019, our Company issued 7,000,000 Series A Preferred Shares and 2,135,000 ordinary shares to Suzhou Frontline II, and issued 3,000,000 Series A Preferred Shares and 915,000 ordinary shares to Suzhou 6 Dimensions, due to their exercise of options.

On April 30, 2020, our Company issued 2,400,000 ordinary shares to Coral Incentivization at par value of US$0.0001 on trust for the benefits of selected employees of the Company pursuant to the terms of the RSU Scheme.

On [●], each share in our issued and unissued share capital [was subdivided] into 10 shares of the corresponding class with par value US$0.00001 each, following which our issued share capital consisted of (i) [90,405,550] Shares with par value of US$0.00001 each, (ii) 202,933,030 Series A Preferred Shares with par value of US$0.00001 each and (iii) 175,982,040 Series B Preferred Shares with par value of US$0.00001 each.

For details of our Company's authorized and issued share capital, and consideration relating to the allotment of the Shares, Series A Preferred Shares and Series B Preferred Shares above, please refer to the sections headed "Share Capital—Authorized and Issued Share Capital", and "History, Restructuring and Corporate Structure—Major Corporate Development and Shareholding Changes of Our Group" in this document.

Save as disclosed above, there has been no alternation in our share capital within two years immediately preceding the date of this document.

3. Changes in share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 32 to the Accountants' Report as set out in Appendix I to this document.

On August 21, 2018, the registered capital of Ocumension Shanghai increased from US$5,000,000 to US$8,269,693. On March 25, 2019, the registered capital of Ocumension Shanghai increased from US$8,269,693 to US$9,081,433. On August 23, 2019, the registered capital of Ocumension Shanghai increased from US$9,081,433 to US$109,081,433.

On February 11, 2020, Ocumension Suzhou was incorporated under the laws of the PRC with a registered capital of US$50,000,000.

On May 11, 2020, Ocumension Zhejiang was incorporated under the laws of the PRC with a registered capital of US$2,000,000.

Save as disclosed above, there has been no alteration in the registered capital of our subsidiaries that took place within two years preceding the date of this document.

4. [Written] Resolutions Passed by Our Shareholders on [●], 2020

At the extraordinary general meeting of our Company [held] on [●], 2020, among other things, the following resolutions were passed by the Shareholders:

(a) each unissued and issued share with a par value of US$0.0001 each in the share capital of the Company was subdivided into 10 shares of the corresponding class with a par value of US$0.00001 each, such that immediately following such subdivision, (i) the authorized share capital was US$50,000 divided into (a) 4,621,084,930 ordinary shares with a par value of US$0.00001 each, (b) 202,933,030 Series A Preferred Shares with a par value of US$0.00001 each and (c) 175,982,040 Series B Preferred Shares with a par value of US$0.00001 each; and (ii) the issued share capital of the Company consisted of (a) 90,405,550 ordinary shares, (b) 202,933,030 Series A Preferred Shares, and (c) 175,982,040 Series B Preferred Shares;

(b) conditional on (1) the [**REDACTED**] granting [**REDACTED**] in, the Shares in issue and to be issued as stated in this document and such [**REDACTED**] and permission not subsequently having been revoked prior to the commencement of [**REDACTED**] the Shares on the Stock Exchange; (2) the [**REDACTED**] having been determined; and (3) the obligations of the [**REDACTED**] under the [**REDACTED**] becoming unconditional and not being terminated in accordance with the terms of the [**REDACTED**] or otherwise, in each case on or before such dates as may be specified in the [**REDACTED**]:

(i) subject to the [**REDACTED**] being a [**REDACTED**], each of the issued Series A Preferred Shares of a par value of US$0.00001 each and Series B Preferred Shares of a par value of US$0.00001 be converted into Shares on an one-to-one basis by re-designation and re-classification, and all unissued, Series A Preferred Shares and Series B Preferred Shares be re-designated and re-classified into Shares, such that the authorized share capital of the Company shall be US$50,000 divided into 5,000,000,000 shares of US$0.00001 each, with effect from the [**REDACTED**];

(ii) the [**REDACTED**] was approved, and the proposed allotment and issue of the [**REDACTED**] under the [**REDACTED**] were approved, and the Board was authorized to determine the [**REDACTED**] for, and to allot and issue the [**REDACTED**];

(iii) the [**REDACTED**] was approved and the Directors were authorized to effect the same and to allot and issue up to [**REDACTED**] Shares upon the exercise of our [**REDACTED**];

(iv) a general mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles on a specific authority granted by our Shareholders in a general meeting, shall not exceed the sum of (i) 20% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the [**REDACTED**] (but excluding any Shares whichmay be issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan); and (ii) the aggregate nominal amount of the share capital of our Company purchased by our Company pursuant to the authority granted to the Directors as referred to in (b)(v) below;

(v) a general mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirement of the Listing Rules such number of Shares as will represent up to 10% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the [**REDACTED**], excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan;

(vi) the general mandate as mentioned in paragraph (b)(iv) above was extended by the addition to the number of our Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of our Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iv) above (up to 10% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the [**REDACTED**], excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan); and

(c) our Company conditionally approved and adopted the Memorandum and Article with effect from the [**REDACTED**].

Each of the general mandates referred to in paragraphs (b)(iii), (b)(iv) and (b)(vi) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution [passed] by our Shareholders on [●], 2020, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total number up to 10% of the aggregate number of our Shares in issue immediately following the completion of the Share Subdivision and the [**REDACTED**] (excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan) with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Law.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as canceled and the amount of our Company's

issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands laws.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and

funding arrangements at the time, lead to an enhancement of the net asset value per Share or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases out of profits of our Company, out of the share premium account of the Company or out of the proceeds of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the Share Subdivision and the [**REDACTED**], excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any exercise of share options granted under the Employee Stock Option Plan, could accordingly result in up to approximately [**REDACTED**] Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material:

(a) an ordinary share subscription letter entered into by the Company and 6 Dimensions Capital, L.P. on May 23, 2018;

(b) an ordinary share subscription letter entered into among the Company and 6 Dimensions Affiliates Fund, L.P. on May 23, 2018;

(c) an ordinary share subscription letter entered into by the Company and 6 Dimensions Capital, L.P. on July 12, 2018;

(d) an ordinary share subscription letter entered into among the Company and 6 Dimensions Affiliates Fund, L.P. on July 12, 2018;

(e) an ordinary share subscription letter entered into by the Company and Steve Landau on August 28, 2018;

(f) an ordinary share subscription letter entered into among the Company and Riccardo Panicucci, on August 28, 2018;

(g) a restricted share agreement entered into by the Company and LIU Ye on August 28, 2018;

(h) a restricted share agreement entered into among the Company and LIU Changdong on August 28, 2018;

(i) a series A share purchase agreement entered into by the Company, Ocumension Hong Kong, 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. on May 23, 2018;

(j) a shareholders agreement entered into by the Company, Ocumension Hong Kong, 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. on May 23, 2018;

(k) an amended series A share purchase agreement entered into by the Company, Ocumension Hong Kong, Ocumension Shanghai, 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. on July 12, 2018;

(l) an amended and the restated shareholders agreement entered into by the Company, Ocumension Hong Kong, Ocumension Shanghai, 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. on July 12, 2018;

(m) a capital increase agreement entered into by Ocumension Shanghai, Suzhou Frontline II and Suzhou 6 Dimensions on July 12, 2018;

(n) an onshore shareholders agreement entered into by Ocumension Shanghai, the Company, Ocumension Hong Kong and the Pre-Series A Investors on July 12, 2018;

(o) the 6 Dimensions option agreement entered into by Ocumension Shanghai, Ocumension Hong Kong, the Company and Suzhou 6 Dimensions on July 12, 2018;

(p) the Tonghe option agreement entered into by Ocumension Shanghai, Ocumension Hong Kong, the Company and Suzhou Frontline II on July 12, 2018;

(q) a series B share purchase agreement entered into by the Company, Ocumension Hong Kong, Ocumension Shanghai and the Series B Investors on May 29, 2019;

(r) an equity transfer agreement entered into by Suzhou Frontline II, Suzhou 6 Dimensions and Ocumension Hong Kong on June 17, 2019;

(s) a second amended and restated shareholders agreement entered into by the Company, Ocumension Hong Kong, Ocumension Shanghai, the Pre-Series A Investors, the Series A Investors and the Series B Investors on June 18, 2019;

(t) an amended and restated onshore shareholders agreement entered into by Ocumension Shanghai, the Company, Ocumension Hong Kong, the Pre-Series A Investors and the Series B Investors on June 18, 2019;

(u) a cooperation agreement entered into by Ocumension Hong Kong and Suzhou Wuzhong Economic and Technological Development Zone Management Committee (蘇州吳中經濟技術開發區管理委員會) on October 18, 2019;

(v) an amendment to shareholders agreement entered into by the Company, Ocumension Hong Kong, Ocumension Shanghai, the Pre-Series A Investors and the Series B Investors on April 24, 2020;

(w) an onshore shareholders agreement termination agreement entered into by Ocumension Shanghai, the Company, Ocumension Hong Kong, the Pre-Series A Investors and the Series B Investors on April 24, 2020;

(x) [●];

(y) the [**REDACTED**].

2. Our Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks in the PRC, which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Class	Registered Owner	Registration Number	Expiry Date
1.	OcuMension	PRC	5	Ocumension Shanghai	34778059	July 13, 2029
2.	OcuMension	PRC	10	Ocumension Shanghai	34789482	July 13, 2029
3.	欧康维视	PRC	5	Ocumension Shanghai	34778056	July 13, 2029
4.	欧康维视	PRC	10	Ocumension Shanghai	34782566	July 27, 2029
5.	OcuMension 欧康维视	PRC	5	Ocumension Shanghai	38366663	January 27, 2030
6.	OcuMension 欧康维视	PRC	10	Ocumension Shanghai	38371693	January 27, 2030
7.	OcuMension 欧康维视	PRC	5	Ocumension Shanghai	34787887	July 13, 2029

No.	Trademark	Place of Registration	Class	Registered Owner	Registration Number	Expiry Date
8.	OcuMension 欧康维视	PRC	10	Ocumension Shanghai	34782509	July 27, 2029
9.	OcuMension 欧康维视	PRC	5	Ocumension Shanghai	38353314	January 27, 2030
10.	OcuMension 欧康维视	PRC	10	Ocumension Shanghai	38375894	January 27, 2030

(b) Patents

For a discussion of the details of the material granted patents and filed patent applications by the Company or by our strategic partners in connection with our clinical and preclinical drug candidates, please refer to the section headed "Business—Intellectual Property" in this document.

(c) Domain Name

As of the Latest Practicable Date, we had registered the following domain name:

No.	Domain Name	Registered Owner	Expiry Date
1.	ocumension.com	Ocumension Shanghai	April 10, 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors [has entered] into a service contract with our Company on [●]. The initial term of their respective service contract shall commence from the date of his appointment as a Director and continue for a period of three years or until the third annual general meeting of the Company since the [**REDACTED**], whichever is earlier, and subject always to re-election as and when required under the Articles, until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

(b) Non-executive Directors and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors [has entered] into an appointment letter with our Company on [●]. The initial term for their respective appointment letters shall commence from the date of his appointment as a Director and continue for a period of three years after or until the third annual general meeting of the Company since the [**REDACTED**], whichever is sooner, and subject always to re-election as and when required under the Articles, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

2. Directors' Remuneration

The aggregate amount of fees, salaries, allowances and retirement benefit scheme contributions we paid to our Directors in respect of the financial years ended December 31, 2018 and 2019 was RMB3.5 million and RMB33.2 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (including share-based payment and excluding any discretionary bonus which may be paid) payable by our Company to our Directors for the financial year ending December 31, 2020 is expected to be approximately RMB99.4 million.

There was no arrangements under which any Director has waived or agree to waive any emolument during the Track Record Period.

3. Disclosure of Interests

(a) Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Share Capital of Our Company and Its Associated Corporations Following Completion of the Share Subdivision and the [REDACTED]

Immediately following completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, the share options granted under the Employee Stock Option Plan are not exercised and each Preferred Share will be automatically converted to one Share upon the [**REDACTED**] becoming unconditional), the interests or short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Long positions in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in our Company after completion of [REDACTED] (assuming [REDACTED] is not exercised)	Approximate percentage of interest in our Company after completion of [REDACTED] (assuming [REDACTED] is fully exercised)
Mr. Ye LIU	Beneficial owner	583,673	[**REDACTED**]	[**REDACTED**]

(ii) Long positions in the underlying Shares of the Company

Name of Director	Nature of interest	Number of underlying Shares (as adjusted after the Share Subdivision)	Approximate percentage of interest in our Company after completion of [REDACTED] (assuming [REDACTED] is not exercised)	Approximate percentage of interest in our Company after completion of [REDACTED] (assuming [REDACTED] is fully exercised)
Mr. Ye LIU	Beneficial owner	42,126,760[(1)]	[**REDACTED**]	[**REDACTED**]
Dr. Zhaopeng HU	Beneficial owner	3,881,940[(2)]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) Including 30,136,710 options granted under the Employee Stock Option Plan and RSUs representing 11,990,050 Shares upon vesting granted under the RSU Scheme.

(2) Including 2,528,250 options granted under the Employee Stock Option Plan and RSUs representing 1,353,690 Shares upon vesting granted under the RSU Scheme.

(b) Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, the share options granted under the Employee Stock Option Plan are not exercised and each Preferred Share will be automatically converted to one Share upon the [**REDACTED**] becoming unconditional), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company, see "Substantial Shareholders" of this document.

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 [**REDACTED**] and taking into account any Shares may be issued pursuant to the exercise of options granted under the Employee Stock Option Plan, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

4. Disclaimers

Save as disclosed in this document:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(b) none of the Directors or the experts named in the paragraph headed "—E. Other Information—6. Qualification of Experts" and "—7. Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) save in connection with the [**REDACTED**], none of our Directors nor any of experts listed in the paragraph headed "—E. Other Information—6. Qualification of Experts" and "—7. Consents of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group as a whole;

(d) taking no account of any Shares which may be taken up under the [**REDACTED**], so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the [**REDACTED**], have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;

(e) none of the Directors nor any of the parties listed in the paragraph headed "—E. Other Information—6. Qualification of Experts" of this Appendix is interested in our Company's promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(f) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required,

pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are [**REDACTED**] thereon;

(g) save in connection with the [**REDACTED**], none of the experts listed in the paragraph headed "—E. Other Information—6. Qualification of Experts" and "—7. Consents of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(h) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

D. SHARE INCENTIVE SCHEMES

1. Employee Stock Option Plan

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, our Company adopted the Employee Stock Option Plan on May 23, 2018. Any employee, officer, Director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is an eligible employee by reason of their contribution to the Group is entitled to be offered and granted options. The terms of the Employee Stock Option Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

Pursuant to a trust deed entered into between the Company and Bank of Communications Trustee Limited on June 11, 2020, Bank of Communications Trustee Limited agreed to act as the trustee to facilitate the overall management and administration of the Employee Stock Option Plan, including exercising options granted to the grantees. Certain grantees of the options under the Employee Stock Option Plan transferred their options to Coral Incentivization, and such options will constitute part of the trust fund and be held for the benefit of the grantees.

Summary of terms

(a) Duration

Subject to the termination provisions under the Employee Stock Option Plan, the plan shall be valid and effective for the period of ten years commencing on the adoption date after which period no further options will be granted, but the provisions of the plan shall in all other

respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted. The Company will not grant options under the Employee Stock Option Plan after the [**REDACTED**].

(b) Administration

This plan shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties. The Board may delegate any of its powers, authorities and discretions in relation to the plan to any committee, and any such delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.

(c) Offer Letter

Any such options will be granted on substantially the form of offer letter most recently approved for use by the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an officer who is acting solely in the capacity of an officer to determine the fair market value of the Shares.

(d) Offer and Grant of Options

On and subject to the terms of this plan, the Board shall be entitled to make an offer to any eligible employee as the Board may in its absolute discretion select to take up options in respect of such number of Shares as the Board may determine at the strike price. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by the Company, any subsidiary, the grantee or any group of employees) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of this plan. A grantee is not required to pay for the grant of any option.

(e) Subscription Price and Vesting Schedule

The subscription price shall be approved by the Board and shall be set out in the offer letter. Unless otherwise approved by the Board and set forth in an offer letter, the vesting schedule shall be a 60-month vesting schedule consisting of a cliff vesting of 20 percent after 12 months from the commencement date and, thereafter, quarterly vesting of equal instalments over the remaining 16 quarters.

(f) Exercise of Options

Unless otherwise approved by the Board, an option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do, except pursuant to repurchase provisions under the

plan. Notwithstanding the foregoing, the Board may permit a grantee to transfer a granted option in a manner that is not prohibited by applicable tax and securities laws. Except as provided in an offer letter, any option shall become exercisable upon vesting.

(g) Maximum Number of Shares

(i) The maximum number of Shares in respect of which options may be granted under this plan shall not, subject to reorganisation of capital structure and other corporate events provisions under the plan, exceed 60,328,890 Shares (as adjusted after the Share Subdivision) in the aggregate.

(ii) No employee shall be granted an option which, if exercised in full, would result in such employee becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued under all the options previously granted to him which have been exercised, and, issuable under all the options previously granted to him which are for the time being subsisting and unexercised, would exceed ten percent of the aggregate number of Shares for the time being issued and issuable under this plan.

(iii) The maximum number of Shares referred to in paragraphs (i) and (ii) will be adjusted, in such manner as an independent financial adviser or the auditors (acting as experts and not as arbitrators) shall confirm to the Board in writing, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever.

(h) Reorganization of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, including but not limited to by way of capitalization of profits or reserves, rights issue, consolidation, sub-division and reduction of the share capital of the Company, such corresponding alterations (if any) shall be made to (i) the number or nominal amount of Shares subject to the option so far as unexercised; (ii) the subscription price; or (iii) any combination thereof, as an independent financial adviser or the auditors shall confirm to the Board in writing, either generally or as regard any particular grantee, to have given a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, but that no such adjustments be made to the extent that a share would be issued at less than its nominal value.

(i) Accelerated Vesting upon a Listing

In case of a listing, the vesting schedule of the unvested Option shall be accelerated by 50%.

(j) Alteration of the Employee Stock Option Plan

The Employee Stock Option Plan may be altered in any respect by the prior approval of the Board, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the grantees as would be required of the shareholders of the Company under the Memorandum and Articles for the time being of the Company for a variation of the rights attached to the Shares.

Outstanding options

As at the Latest Practical Date, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Employee Stock Option Plan is 60,328,890 Shares (as adjusted after the Share Subdivision), representing approximately [**REDACTED**]% of the total issued Shares immediately following the completion of the Share Subdivision and the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Employee Stock Option Plan. The exercise price of all the options granted under the Employee Stock Option Plan is between US$0.001 and US$0.201 per share, after taking into account the effect of the Share Subdivision. No options under the Employee Stock Option Plan shall be granted after the [**REDACTED**].

Assuming full exercise of options under the Employee Stock Option Plan, the shareholding of our Shareholders immediately following the [**REDACTED**] will be diluted by approximately [**REDACTED**]% if calculated on the basis of [**REDACTED**] Shares in issue immediately following completion of the Share Subdivision, the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and without taking into account any additional Shares to be issued pursuant to the Employee Stock Option Plan. The consequent impact on the earnings per ordinary share for the years ended December 31, 2018 and 2019 is nil and nil respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

As of the date of this document, the outstanding options which have been granted under the Employee Stock Option Plan for an aggregate of [**REDACTED**] (as adjusted after the Share Subdivision) have been granted to a total of 41 eligible persons by our Company under the Employee Stock Option Plan, the details of which are set forth below:

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Director							
Mr. Ye LIU	Executive Director and chief executive officer	Lane 390 Huapeng Road Pudong New District Shanghai	0.001	8,711,100	August 28, 2018	(Note 2)	[**REDACTED**]
			0.188	4,131,140	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	17,294,470	January 22, 2020	(Note 3)	[**REDACTED**]
Dr. Zhaopeng HU	Executive Director and vice president of regulatory affairs	Gate 3 Building 9 Dongjunzhuang Chaoyang District Beijing	0.01	1,451,850	January 22, 2019	(Note 2)	[**REDACTED**]
			0.188	688,520	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	387,880	January 22, 2020	(Note 3)	[**REDACTED**]
Senior Management							
Dr. Changdong LIU	Chief scientific officer	Fardingdon Dr Plano Texas U.S.	0.001	2,903,700	August 28, 2018	(Note 2)	[**REDACTED**]
Dr. Donghong CHEN	Chief medical officer	Tower 1 Fleur Pavilla 1 Kai Yuen Street North Point Hong Kong	0.201	5,056,500	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Qinglei ZUO	Vice president of commercialization	No. 2, Lane 298 Puxiao road Minhang District Shanghai	0.01	1,451,850	January 22, 2019	(Note 2)	[**REDACTED**]
			0.188	688,520	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	2,916,130	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Employees							
Mr. Jianping YANG	Finance director	No. 80, Lane 458 Xuesong Road Putuo District Shanghai	0.01	1,161,480	January 22, 2019	(Note 2)	[**REDACTED**]
			0.188	550,820	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	310,300	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Jieting JIANG	Human resources and administration director	No. 40 Kailusancun Yangpu District Shanghai	0.01	1,161,480	January 22, 2019	(Note 2)	[**REDACTED**]
			0.188	550,820	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	310,300	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Yu CHANG	Regulatory affairs operation director	No. 22, Lane 381 Linyi Road Pudong New District Shanghai	0.188	232,300	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	779,000	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Xiang YU	Senior clinical operation director	No. 12, Lane 400 East Luochuan Road Jingan District Shanghai	0.188	232,300	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	779,000	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Yun JI	Strategic project director	No. 99 Jimo Road Pudong New District Shanghai	0.188	1,011,300	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Yang SHEN	Medical director	No. 407, Zhaojiabang Road Xuhui District Shanghai	0.188	1,011,300	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Mr. Yuchi SHAN	Regional sales director	131-14 Changbai Second Street Heping District Shenyang Liaoning Province	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Peipei JIANG	Legal director	Group 28 Shuanghe Village Qilin Town Haimen Jiangsu Province	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Xiaowen LANG	Regional sales director	Unit 2, No. 6 Anping li, West Shuangxi Road Wucheng District Zhejiang Province	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Hongying LIU	Head of manufacture	No. 187 Tonghesancun Baoshan District Shanghai	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Haibo ZHANG	Market access director	213-1, Guangzhou Road Gulou District Nanjing Jiangsu Province	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Xin ZHENG	Senior CMC director	No. 328, Bibo Road Pudong New District Shanghai	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Mr. Junyue ZHU	Marketing director	Unit 3, Building 1 Yiyuan, Hejiayuan, Xihu District Hangzhou Zhejiang Province	0.188	505,650	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Wei WU	Administration manager	No. 2, Lane 430 Xianxia Road Changning District Shanghai	0.01	30,000	January 22, 2019	(Note 2)	[**REDACTED**]
			0.188	18,910	September 1, 2019	(Note 2)	[**REDACTED**]
			0.188	203,910	January 22, 2020	(Note 3)	[**REDACTED**]
Dr. Richard Lee Abbott	Scientific advisory board member	Topside Way Mill Valley CA U.S.	0.201	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Xinhua DU	Medical manager	408, North Chengdu Road Huangpu District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Ping JIN	Market access manager	Unit 1 Building 7 Yinshuwan Gongshu District Hangzhou Zhejiang Province	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Lingyun LU	Market access manager	No. 328, Bibo Road Pudong New District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Ms. Lin LYU	CMC manager	No. 12, Area 9 Lane 3118, Yindu Road Minhang District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Ruiyue MA	Regulatory affairs manager	No. 9, Lane 355 Jipu Road Yangpu District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Jinghong WANG	Business development director	Lane 104 Baodai Lane Huangpu District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Lei WANG	Compensation and benefits manager	No. 14, Hongqi Road Hede Town Sheyang County Yancheng Jiangsu Province	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Lingdong WANG	Regional sales manager	No. 107 Qianwangjia village Ningjin Sub-District Office Rongcheng Shandong Province	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Shaozhong WANG	Market access manager	Unit 1 Building 5, Chaohuisiqu Xiacheng District Hangzhou Zhejiang Province	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Mr. Kaisong WU	District sales manager	Unit 7, No. 576, Tushan Road Nanan District Chongqing	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Qin WU	Administration manager	No. 22, 55 Lane 1302, Changning Road Changning District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Hao ZHANG	Business development manager	Building 12 No. 1, Guangming Road Gongyi Henan Province	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Ling ZHANG	Administrative specialist	No. 10 Tianshanercun Changning District Shanghai	0.188	101,130	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Yuanyuan CHEN	Medical representative	44, Nenjiang street Huanggu District Shenyang Liaoning Province	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Wenze HE	Medical representative	No. 5, Huaishufang village Guizhoumanzu Town Gaizhou Liaoning Province	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]

Name	Position	Address	Exercise price (taking into account the effect of the Share Subdivision) *(US$/share)*	Number of Shares underlying the outstanding options	Date of grant	Vesting Period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Mr. Qingpeng LI	Medical representative	53, Qingcaigang Yuexiu District Guangzhou Guangdong Province	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Yanhai LU	Medical representative	No. 20, Huaxing Road Zhabei District Shanghai	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Xiaomei NIU	Medical representative	Unit 3, Building 17 Building Area, Shuanghe Farm Meilisi-Daur District Qiqihar Heilongjiang Province	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Lei YAN	Medical representative	Building 9 16, North Huafu Avenue Jiulongpo District Chongqing	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Ms. Ying YE	Recruiting supervisor	97, Beihengli Road Qibao town Minhang District Shanghai	0.188	50,560	January 22, 2020	(Note 3)	[**REDACTED**]
Mr. Ka Chi Kenneth LAI	Vice President, Finance	City One Shatin Block 11, 2 Tak Kei Street, Shatin, Hong Kong	0.188	994,720	June 15, 2020	(Note 3)	[**REDACTED**]

Notes:

(1) These percentages are calculated on the basis of [**REDACTED**] Shares in issue immediately following completion of the Share Subdivision, the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and without taking into account any additional Shares to be issued pursuant to the Employee Stock Option Plan.

(2) The vesting schedule is a 60-month vesting schedule consisting of a cliff vesting of 20 percent after 12 months from the commencement date and, thereafter, quarterly vesting of equal instalments over the remaining 16 quarters. In case of a listing, the vesting schedule of the unvested Option shall be accelerated by 50%.

The options are exercisable within two years following the occurrence of an [**REDACTED**] of the Company.

(3) The vesting schedule is a 60-month vesting schedule consisting of a cliff vesting of 20 percent after 12 months from the commencement date and, thereafter, quarterly vesting of equal instalments over the remaining 16 quarters. In case of a listing, the vesting schedule of the unvested Option shall be accelerated by 50%.

The Options are exercisable until the later of (i) second anniversary of an [**REDACTED**] of the Company; or (ii) three months following the Options are fully-vested in accordance with the vesting schedule.

Save as disclosed above, no other options have been granted and remained outstanding or agreed to be granted by the Company under the Employee Stock Option Plan.

[**REDACTED**] has been made to the [**REDACTED**] for the [**REDACTED**] in the Shares to be issued pursuant to the Employee Stock Option Plan.

2. RSU Scheme

The Company adopted the RSU Scheme on April 28, 2020. The terms of the RSU Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

Pursuant to the RSU Scheme, an aggregate of 2,400,000 underlying shares (before the Share Subdivision) were issued to Coral Incentivization, representing an aggregate of [**REDACTED**] of the total issued share capital of our Company immediately following the Share Subdivision and the [**REDACTED**] (assuming no exercise of the [**REDACTED**]). Coral Incentivization will exercise the voting rights on such underlying shares under the RSU Scheme before the RSUs are settled. The advisory committee as designated by the Board has the right to appoint the directors of Coral Incentivization.

Pursuant to a trust deed entered into between the Company and Bank of Communications Trustee Limited on June 11, 2020, Bank of Communications Trustee Limited agreed to act as the trustee to facilitate the overall management and administration of the RSU Scheme, including settling RSUs granted to the grantees. Certain grantees of the RSUs under the RSU Scheme transferred their RSUs to Coral Incentivization, and such RSUs will constitute part of the trust fund and be held for the benefit of the grantees.

As RSUs representing an aggregate of 1,334,374 shares (before the Share Subdivision) upon vesting were granted to connected persons of the Company, the shares held by Coral Incentivization will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Summary of terms

(a) Duration

Subject to the termination provisions under the RSU Scheme, the scheme shall be valid and effective for the period of ten years commencing on the adoption date after which period no further RSUs will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the RSUs shall be settled in accordance with the terms upon which the RSUs are granted.

(b) Administration

This plan shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties. The Board may delegate any of its powers, authorities and discretions in relation to the plan to any committee, and any such delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.

(c) Offer Letter

Any such RSUs will be granted on substantially the form of offer letter most recently approved for use by the Board, unless otherwise approved and provided in the resolutions approving the delegation authority. The Board may not delegate authority to an officer who is acting solely in the capacity of an officer to determine the fair market value of the Shares.

(d) Offer and Grant of RSUs

RSUs may be granted on such terms and conditions in relation to their vesting, settlement or otherwise (e.g. by linking their vesting to the attainment or performance of milestones by the Company, any subsidiary, the grantee or any group of employees) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of this plan. At the time of grant of RSUs, the Board will determine the consideration, if any, to be paid by the grantee upon delivery of each share subject to the RSUs. The consideration to be paid (if any) by the grantee for each share subject to an RSU shall be set forth in the offer letter for such RSUs and may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law. RSUs may be awarded for zero consideration if permitted under applicable law.

(e) Settlement of RSUs

Unless otherwise approved by the Board, a RSU shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any RSU or attempt so to do, except pursuant to repurchase provisions under the plan. Notwithstanding the foregoing, the board may permit a grantee to transfer a granted RSU in a manner that is not prohibited by applicable tax and securities laws. The Board, in its sole discretion, may provide that a grantee is entitled to designate the RSU shares be transferred or settled to such grantee's designated third party (the "**Permitted Entity**"), provided that, that such Permitted Entity shall remain liable for any provision under the RSU Scheme. Except as provided in an offer letter, any RSU shall become settleable upon vesting. A RSU may be settled by the delivery of shares, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the offer letter.

(f) Maximum Number of Shares

The maximum number of shares in respect of which RSUs may be granted under the plan shall not exceed 2,400,000 shares (before the Share Subdivision) in the aggregate.

(g) Reorganization of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any RSU remains outstanding, including but not limited to by way of capitalization of profits or reserves, rights issue, consolidation, sub-division and reduction of the share capital of the Company, such corresponding alterations (if any) shall be made to (i) the number or nominal amount of Shares subject to the RSUs so far as unsettled; (ii) the consideration payable by the grantees; or (iii) any combination thereof, as an independent financial adviser or the auditors shall confirm to the Board in writing, either generally or as regard any particular grantee, to have given a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, but that no such adjustments be made to the extent that a share would be issued at less than its nominal value.

(h) Alteration of the RSU Scheme

The RSU Scheme may be altered in any respect by the prior approval of the Board, provided that no such alteration shall operate to affect adversely the terms of issue of any RSU granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the grantees as would be required of the shareholders of the Company under the Memorandum and Articles for the time being of the Company for a variation of the rights attached to the Shares.

Outstanding RSUs

Pursuant to the RSU Scheme, an aggregate of 2,400,000 underlying shares (before the Share Subdivision) were issued to Coral Incentivization, representing an aggregate of [**REDACTED**] of the total issued share capital of our Company immediately following the Share Subdivision and the [**REDACTED**] (assuming no exercise of the [**REDACTED**]). As of the Latest Practicable Date, our Company had granted RSUs representing 2,286,692 shares (before the Share Subdivision) upon vesting to 74 grantees under the RSU Scheme, among which RSUs representing 1,199,005 and 135,369 shares (before the Share Subdivision) upon vesting were granted to Mr. Ye Liu and Dr. Zhaopeng HU, respectively. Save as disclosed above, no Director or connect person of the Company has been identified to be the grantees under the RSU Scheme as of the Latest Practicable Date.

[**REDACTED**] has been made to the [**REDACTED**] for the [**REDACTED**] in the Shares issued pursuant to the RSU Scheme.

E. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Company.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, our Company was not involved in any litigation, arbitration or administrative proceedings of material importance and, so far as we are aware, no litigation, arbitration or administrative proceedings of material importance are pending or threatened against us as of the Latest Practicable Date.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to deal in, the Shares in issue (including the Shares to be converted from Preferred Shares) and to be issued pursuant to (i) the [**REDACTED**]; (ii) the [**REDACTED**]; (iii) the Employee Stock Option Plan and (iv) the RSU Scheme.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,000,000 for acting as the sponsor for the [**REDACTED**].

4. Compliance Adviser

Our Company have appointed Somerley Capital Limited as our Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Qualification of Experts

The qualifications of the experts are as follows:

Name	Qualification
Morgan Stanley Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Zhong Lun Law Firm	PRC legal adviser
Maples and Calder (Hong Kong) LLP	Cayman Islands legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

7. Consents of Experts

Each of the experts as referred to in the paragraph headed "—6. Qualification of Experts" in this Appendix has given, and has not withdrawn their written consents to the issue of this document with the inclusion of their reports and/or letters and/or opinions and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

8. Agency Fees or Commissions Paid or Payable

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the [**REDACTED**] or sale of any capital of our Company within the two years immediately preceding the date of this document.

9. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2019.

10. Other Disclaimers

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) 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.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in the paragraph headed "B. Further Information about our Business—1. Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this document), have any interest,

direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, 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.

(d) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document within the two years immediately preceding the date of this document.

(e) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

11. Binding Effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the [**REDACTED**];

(b) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix IV to this document; and

(c) a copy of each 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 IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of the Company;

(b) the Accountants' Report and the report on the unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited financial statements of the companies comprising our Group for each of the financial years ended December 31, 2018 and 2019;

(d) the report in relation to unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the legal opinion issued by Zhong Lun Law Firm, our PRC Legal Advisor in respect of general matters and property interests of our Group in the PRC;

(f) the letter of advice from Maples and Calder (Hong Kong) LLP, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III to this document;

(g) the industry report prepared by Frost & Sullivan;

(h) the material contracts referred to in the section entitled "B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this document;

(i) the written consents referred to in the section entitled "E. Other Information—7. Consents of Experts" in Appendix IV to this document;

(j) the service contracts or letters of appointment referred to in the section headed "C. Further Information about Our Directors—1. Particulars of Service Contracts and Appointment Letters" in Appendix IV to this document;

(k) the Companies Law;

(l) the Employee Stock Option Plan; and

(m) RSU Scheme.