GENOR
BIOPHARMA

嘉和生物藥業(開曼)控股有限公司

JHBP (CY) HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 6998

GLOBAL OFFERING

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

Goldman Sachs　J.P.Morgan　Jefferies

Joint Bookrunners and Joint Lead Managers

招銀国际 CMB INTERNATIONAL　China Renaissance 华兴资本　海通國際 HAITONG　MACQUARIE

IMPORTANT

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

JHBP (CY) Holdings Limited
嘉和生物藥業(開曼)控股有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**119,881,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**11,989,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**107,892,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$24.00 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars subject to refund)**
Nominal value	**:**	**US$0.00002 per Share**
Stock code	**:**	**6998**

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(in alphabetical order)

招銀国际 CMB INTERNATIONAL China Renaissance 华兴资本 海通國際 HAITONG MACQUARIE

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

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

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 28 September 2020 and, in any event, not later than Tuesday, 6 October 2020. The Offer Price will be not more than HK$24.00 and is currently expected to be not less than HK$20.30, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Tuesday, 6 October 2020 between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.genorbio.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

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

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

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.genorbio.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

23 September 2020

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.genorbio.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

i. instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

Wednesday, 23 September 2020 — 9:00 a.m. to 9:00 p.m.
Thursday, 24 September 2020 — 9:00 a.m. to 9:00 p.m.
Friday, 25 September 2020 — 9:00 a.m. to 9:00 p.m.
Saturday, 26 September 2020 — 9:00 a.m. to 6:00 p.m.
Sunday, 27 September 2020 — 9:00 a.m. to 6:00 p.m.
Monday, 28 September 2020 — 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
500	12,120.92	8,000	193,934.78	70,000	1,696,929.36	1,000,000	24,241,848.00
1,000	24,241.85	9,000	218,176.63	80,000	1,939,347.84	1,500,000	36,362,772.00
1,500	36,362.77	10,000	242,418.48	90,000	2,181,766.32	2,000,000	48,483,696.00
2,000	48,483.70	15,000	363,627.72	100,000	2,424,184.80	2,500,000	60,604,620.00
2,500	60,604.62	20,000	484,836.96	200,000	4,848,369.60	3,000,000	72,725,544.00
3,000	72,725.54	25,000	606,046.20	300,000	7,272,554.40	3,500,000	84,846,468.00
3,500	84,846.47	30,000	727,255.44	400,000	9,696,739.20	4,000,000	96,967,392.00
4,000	96,967.39	35,000	848,464.68	500,000	12,120,924.00	4,500,000	109,088,316.00
4,500	109,088.32	40,000	969,673.92	600,000	14,545,108.80	5,000,000	121,209,240.00
5,000	121,209.24	45,000	1,090,883.16	700,000	16,969,293.60	5,500,000	133,330,164.00
6,000	145,451.09	50,000	1,212,092.40	800,000	19,393,478.40	5,994,500[(1)]	145,317,757.84
7,000	169,692.94	60,000	1,454,510.88	900,000	21,817,663.20		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejects.

Hong Kong Public Offering commences . . . . . .9:00 a.m. on Wednesday, 23 September 2020

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . .11:30 a.m. on Monday, 28 September 2020

Application lists open[3] . . . . . .11:45 a.m. on Monday, 28 September 2020

Latest time for (a) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . .12:00 noon on Monday, 28 September 2020

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3] . . . . . .12:00 noon on Monday, 28 September 2020

Expected Price Determination Date[5] . . . . . Monday, 28 September 2020

Announcement of the Public Offer Price and the International Offer Price on our website at **www.genorbio.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or around . . . . . .Tuesday, 6 October 2020

Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at **www.genorbio.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before . . . . . .Tuesday, 6 October 2020

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at **www.genorbio.com** and **www.hkexnews.hk**, respectively . . . . . Tuesday, 6 October 2020

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . . 8:00 a.m. on Tuesday, 6 October 2020 to 12:00 midnight on Monday, 12 October 2020

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from . . . . . Tuesday, 6 October 2020 to Friday, 9 October 2020

Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[7][9] . . . . . Tuesday, 6 October 2020

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Public Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[8][9] . . . . . Tuesday, 6 October 2020

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . . Wednesday, 7 October 2020

Notes:

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

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 28 September 2020, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for the Hong Kong Offer Shares — 6. Applying Through CCASS EIPO Service".

(5) The Price Determination Date is expected to be on or around Monday, 28 September 2020 and, in any event, not later than Tuesday, 6 October 2020. If, for any reason, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Tuesday, 6 October 2020, the Global Offering will not proceed and will lapse.

(6) None of the websites set out in this section or any of the information contained on the websites forms part of this prospectus.

(7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

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

(9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 6 October 2020 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through CCASS EIPO service should refer to the section headed "How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks — Personal Collection — If you apply through CCASS EIPO service" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates (if applicable) and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates (if applicable) and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — F. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks" in this prospectus.

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

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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

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

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares. ***In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.***

There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in lights of these considerations.

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

OVERVIEW

We are a commercial-ready biopharmaceutical company focusing on developing and commercializing oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally. Drug candidates that we have been developing encompass the top three oncology targets and five out of the ten bestselling drugs globally.

Since our inception in 2007, we have been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases. For example, we have developed a systematic and comprehensive development plan for breast cancer-focused therapies, which includes a cyclin-dependent kinase 4/6 (CDK4/6)-targeting drug candidate and an advanced set of human epidermal growth factor receptor 2 (HER2)-targeting drug candidates, and also for a programmed cell death protein (PD-1)-targeting drug candidate targeting multiple oncology indications. In recent years, with research centers built in both Shanghai, China and San Francisco, United States, we have also been expanding our research and development footprint globally to build and enrich our novel drug pipeline. As of the Latest Practicable Date, we have leveraged primarily our in-house capabilities in establishing a pipeline of 15 targeted drug candidates with tremendous commercialization potentials in China that cover both proven and novel biological pathways. We currently have 17 clinical trials ongoing in Asia, with two new drug applications (NDAs) expected to be filed with the National Medical Products Administration (NMPA) and four investigational new drug applications (INDs) to be filed with the NMPA and the U.S. Food & Drug Administration (FDA) in the next 12 to 18 months.

In particular, we have curated six key drug candidates for various oncology, autoimmune and other chronic disease indications. Our key drug candidates include lerociclib (GB491), a differentiated oral CDK4/6 inhibitor; coprelotamab (GB221), a novel HER2 monoclonal antibody (mAb) drug candidate; geptanolimab (GB226), a novel PD-1 mAb drug candidate; GB492, a stimulator of interferon genes (STING) agonist expected to exert synergistic effects in combination with GB226; GB242, an infliximab (Remicade) biosimilar; and GB223, a highly promising receptor activator of nuclear factor-κB Ligand (RANKL) mAb drug candidate. We also have a strong lineup of cutting-edge bi-specific antibody drug candidates currently in pre-clinical stage, fueled by our differentiated bi-specific mAb antibody platform with Computer-Aided Antibody Design (CAAD) capabilities.

Our business is backed by our integrated biopharmaceutical platform covering all the key drug development functionalities, including discovery, research, clinical development, CMC (Chemistry, Manufacture and Controls) and business development. Our integrated platform enables us to manage the risks of drug development by identifying and addressing potential CMC and clinical barriers early in the development process, which allows us to direct our efforts towards molecules with the best potential to become clinically beneficial and commercially viable drugs. Further, we have commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow us to generate higher titer and yield than the conventional technologies, reaching the high-end of the industry range.

Our core management team members have more than 15 years of industry experience on average with proven track record and a well-balanced combination of expertise spanning research, clinical development, manufacturing, commercialization and financing.

OUR DRUG CANDIDATES

The following chart shows our robust pipeline of antibody candidates that are currently under development in China and worldwide across various therapeutic areas:

Abbreviations: r/r=relapsed or refractory; PTCL=peripheral T cell lymphoma; PMBCL=primary mediastinal B-cell lymphoma; ASPS=alveolar soft part sarcoma; HCC=hepatocellular carcinoma; mCRC=metastatic colorectal cancer; NSCLC=non-small cell lung cancer; mBC=metastatic breast cancer; eBC=early breast cancer; BC=breast cancer; RA=rheumatoid arthritis; DLBCL=diffuse large B-cell lymphoma; GCTB=giant-cell tumor of bone; PMO=postmenopausal osteoporosis; GBM=glioblastoma multiforme; nsNSCLC=non-squamous non-small cell lung cancer; NHL=non-Hodgkin lymphoma; 1L=the first line of treatment; 2L+=the second line and later lines of treatment; 3L+=the third line and later lines of treatment; JP=Japan; US=the United States; EU=Europe.

China or PRC represents for the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong SAR, Macau SAR and Taiwan.

Greater China represents for PRC, Hong Kong SAR, Macau SAR and Taiwan.

* *Denotes a Core Product.*

** *Progress bar denotes the most advanced ongoing clinical trial.*

^ *Denotes a key drug.*

(1) The expected first NDA filling for key drugs.

(2) Clinical trials are sponsored by G1 Therapeutics, Inc., or G1 Therapeutics.

(3) Clinical trial is sponsored by ImmuneSensor Therapeutics, Inc., or ImmuneSensor Therapeutics.

We have, since our inception, set strategic focus on major therapeutic areas with substantial unmet medical needs, and have built a pipeline of multiple late stage drug candidates targeting top three oncology targets globally. Specifically, we have carried out this strategy through a systematic and comprehensive development plan for breast cancer-focused therapies, which includes a CDK4/6-targeting drug candidate and an advanced set of HER2-targeting drug candidates. We have also developed a PD-1-targeting drug candidate for multiple oncology indications.

As of the Latest Practicable Date, we have curated four key drug candidates in our pipeline that embody this strategic focus and demonstrate commercialization potential, including (i) GB491, a potentially best-in-class oral cyclin-dependent kinase 4/6 (CDK4/6) drug candidate with significant market potential for treating hormone receptor-positive (HR+)/HER2- breast cancer; (ii) GB221, a potentially first-three-to-market domestic novel mAb for HER2+ metastatic breast cancer (mBC) in China. GB491 and GB221 together form the backbone of our breast cancer treatments; (iii) GB226, a PD-1 mAb for which we have adopted a differentiated regulatory pathway and combination therapy strategy with a broad and systematic clinical development plan; and (iv) GB492, a STING agonist with promising synergistic effects in combination with GB226 for solid tumors.

- **CDK4/6**: GB491 (lerociclib) is a potent, selective, potentially best-in-class oral CDK4/6 inhibitor for HR+/HER2- breast cancer, which is potentially the first two domestic CDK4/6 drugs to market. HR+/HER2- breast cancer accounts for 62.0% of all breast cancer patients in China, 2.8 times the number of HER2+ breast cancer patients. GB491 has consistently demonstrated potent pre-clinical and clinical efficacy in HR+/HER2- breast cancer. CDK4/6 inhibitors in combination with fulvestrant represent an established treatment for HR+/HER2- advanced or

metastatic breast cancer and have demonstrated significant improvements in progression-free survival (PFS) and overall survival (OS). CDK4/6 is expected to become the third largest oncology target in 2020 globally, with estimated global sales of US$8.8 billion. In addition, recent result from the MONARCH-E study conducted by Eli Lilly evidenced that adding a CDK4/6 inhibitor to standard postsurgery endocrine therapy significantly cut the risk of cancer recurrence in patients with high-risk HR+/HER2- early breast cancer (eBC), indicating a tangible incremental market for CDK4/6 inhibitors in the adjuvant setting. Approximately 70% of all breast cancer patients are eBC patients (stages I-II), among whom 30% will experience disease recurrence, and efficacious and safe adjuvant therapies are much needed by these patients. According to the CIC Report, eBC adjuvant therapy is expected to represent a significant segment of the CDK4/6 inhibitor market in the future due to the larger patient base and longer treatment duration. In China, the market size of CDK4/6 inhibitors as HR+/HER2- eBC adjuvant therapy is estimated to expand to RMB0.6 billion by 2022 and further to RMB12.2 billion by 2030, representing a CAGR of 47.1% from 2022 to 2030. The market size of CDK4/6 inhibitors as HR+/HER2- mBC therapy is estimated to expand to RMB4.7 billion by 2022 and further to RMB10.5 billion by 2030, representing a CAGR of 10.8% from 2022 to 2030.

In addition, currently approved CDK4/6 inhibitors either induce dose-limiting neutropenia, which requires a drug holiday, potentially limiting efficacy, or is limited by gastrointestinal toxicity. Preliminary clinical results indicate that GB491 has robust efficacy and a differentiated tolerability profile from marketed CDK4/6 inhibitors, allowing for continuous dosing with fewer dose-limiting toxicities such as neutropenia and potentially less patient monitoring.

Lerociclib is currently undergoing a Phase 2a clinical trial conducted by our licensing partner, G1 Therapeutics, in the United States in combination with fulvestrant for patients with HR+/HER2- locally advanced or metastatic breast cancer after endocrine failure. We plan to evaluate GB491 in HR+/HER2- metastatic and early breast cancer and other indications in China.

- **HER2**: Coprelotamab (GB221) is a potentially first-three-to-market domestic novel mAb for HER2+ mBC in China. We are dedicated to the HER2 pathway, which has been a critical driver in the development of targeted therapies, and anti-HER2 treatments have become the standard of care for HER2+ breast cancer of all stages. HER2 currently is and is expected to remain as the second largest oncology target in 2020 globally, with approximately US$12.9 billion in sales. We are the only company with a complete set of novel drug candidates having similar modalities as HER2-targeting drug products including Herceptin, Perjeta and Kadcyla that are widely used in HER2+ breast cancer.

GB221 is currently under Phase 3 clinical trials in HER2+ metastatic and advanced breast cancer in China, with an NDA expected to be filed in the second half of 2020. GB221 has demonstrated a comparable safety and toxicity profile and efficacy to those of trastuzumab in pre-clinical studies and clinical trials.

In addition, we believe that GB221 serves as a backbone to facilitate the development of combination therapies for solid tumors in various settings.

- **PD-1**: We have adopted a differentiated clinical/regulatory pathway with a strategic development plan in both monotherapy and combination therapy for geptanolimab (GB226), an investigational, humanized, PD-1 mAb with the expectation that these combination therapies can lead to emerging market opportunities in commercialization.

  PD-1 is currently and is expected to remain as the largest oncology target in 2020 globally, with approximately US$28.0 billion in sales. We are developing GB226 as a monotherapy in various cancer indications, implementing a differentiated clinical strategy in terms of novel indications, and are currently advancing clinical trials in China, including:

  - a pivotal Phase 2 clinical trial as a monotherapy in r/r PMBCL, and

  - a Phase 2 clinical trial as a monotherapy in cervical cancer.

  We are currently conducting Phase 1b clinical trials of GB226 in combination with fruquintinib, a selective small molecule inhibitor of VEGFR-1, -2 and -3, in r/r NSCLC and mCRC. There is no FDA-approved PD-1 and/or PD-L1 (PD-(L)1) drugs for peripheral T cell lymphoma (PTCL) yet. Our NDA submission for PTCL with the NMPA has been accepted in July 2020 and granted priority review status, potentially making GB226 the first PD-1 mAb with an NDA accepted in China for PTCL. GB226 has demonstrated superior efficacy and a comparable safety and toxicity profile compared to standard of care treatments for PTCL. Subject to NMPA approval, we plan to launch GB226 by the second half of 2021. In addition, we are exploring and will continue to explore combination therapies with small and large molecule VEGF inhibitors for the treatment of EGFR+ NSCLC, HCC and multiple GI cancers. We are also exploring GB226 in combination with an oncolytic virus drug for various solid tumors.

- **STING**: GB492 (IMSA101) is a STING agonist that we plan to develop in combination with GB226 as a first-in-class therapy for solid tumors. Multiple cancer immunotherapies including chimeric antigen receptor T-cell and immune checkpoint inhibitors (ICIs) have been successfully developed to treat various cancers by motivating adaptive antitumor immunity. However, many cancers have low clinical response rates to ICIs due to poor tumor immunogenicity. In tumor settings, STING

is the major mediator of innate immune sensing of cancerous cells. Multiple studies show that STING agonist may be used in combination with ICIs as a new immune stimulatory therapy and enhance the efficacy of the cancer immunity cycle.

Preliminary data from a Phase 1 clinical trial conducted by Merck for a STING agonist as monotherapy and in combination with Keytruda (pembrolizumab), Merck's PD-1 therapy, in patients with advanced solid tumors or lymphomas indicated that three out of the seven patients (43%) with head and neck squamous cell carcinoma in the combination arm had partial responses. By contrast, pembrolizumab monotherapy showed an ORR of 18% in KEYNOTE 012 trial in platinum-refractory HNSCC.

IMSA101 is currently undergoing a Phase 1 clinical trial conducted by our licensor, ImmuneSensor Therapeutics, in the United States alone or in combination with ICI for patients with solid tumors. We plan to evaluate GB492 in combination with GB226 in solid tumors in China.

In line with our strategies and in addition to a robust oncology franchise, we have also developed two leading drug candidates for autoimmune and osteoporosis markets, consisting of: (i) GB242, a potentially first-three-to-market infliximab (Remicade) biosimilar product in China; and (ii) GB223, a highly promising RANKL drug candidate.

- **Tumor necrosis factor-alpha (TNF-α)**: GB242 is potentially one of the first three infliximab (Remicade) biosimilar products in China, and backed by results from a clinical trial with the largest patient enrollment. Remicade has the most extensive indications approved in China among TNF-α-targeting drugs, including rheumatoid arthritis (RA), ankylosing spondylitis (AS), psoriatic arthritis (PsA), Crohn's disease (CD) and ulcerative colitis (UC), which gives GB242 a premium access to sizeable market for autoimmune diseases in China. We are currently conducting a Phase 3 clinical trial of GB242 in RA and plan to file an NDA with the NMPA by the second half of 2020. We also plan to extrapolate to other approved indications of Remicade, subject to NMPA approval.

- **RANKL**: GB223 is potentially one of the first-three-to-market RANKL mAbs in China. We believe that RANKL inhibitors have huge market potential in China for the treatment of cancer and chronic diseases. We are developing GB223 in giant-cell tumor of bone (GCTB), which is mostly nonfatal disease but can lead to severe complications such as paraplegia and amputation and has high rates of recurrence after surgery. GB223 is currently under a dose-escalating Phase 1 clinical trial in GCTB in China. GCTB accounts for approximately 20% of all primary bone tumors in China, according to the China Insights Consultancy (CIC) Report. Amgen's Xgeva (denosumab), also a RANKL mAb, is currently the only approved medicine for GCTB in China. Meanwhile, we are initiating a clinical trial of GB223 in

postmenopausal osteoporosis (PMO). We also plan to explore potential therapeutic efficacy of GB223 in the broader osteoporosis indications. Amgen's Prolia (denosumab) was approved for PMO treatment on 19 June 2020 in China.

In addition, we have a strong lineup of innovative bi-specific antibody drug candidates currently in IND-enabling or pre-clinical stage, fueled by our differentiated bi-specific mAb platform. We strategically select novel and validated therapeutic targets that are expected to have synergistic effects in forming potential bi-specific antibodies. Moreover, we design our bi-specific antibodies based on extensive comparisons among the mechanisms of action and published clinical data of other similar molecules to achieve well-balanced safety and efficacy profiles, overcome potential CMC barriers and ensure successful drug development processes. In particular, we design antibody sequences and conduct sequence optimization for safety, efficacy and manufacture-ability using computer simulation and modeling and confirm with experimental data, enabling our bi-specific antibodies to become powerful therapeutic candidates and bring clinical benefits to patients. Moreover, the CAAD capabilities of our bi-specific antibody platform allow us to maximize heterodimer formation. Our bi-specific antibody platform is based in San Francisco and is operated by a highly experienced scientific team led by cancer biologist Dr. Yue Liu. This elite team of scientists is equipped with extensive knowledge in both traditional antibody discovery technologies, such as hybridoma and phage display, and novel technologies, including CAAD.

We currently have multiple bi-specific antibody drug candidates, the highlights among which include candidates targeting CD3×CD20, PD-L1×CD55 and epidermal growth factor receptor (EGFR)×c-Met, none of which currently have approved drugs worldwide. We plan to file IND applications with the NMPA and advance these pre-clinical bi-specific antibody drug candidates into clinical stage, and further explore global development opportunities.

- The *CD3×CD20* bi-specific antibody (GB261) is designed to possess strong T-cell activation efficacy but relatively low binding affinity to CD3 to avoid cytokine storm. GB261 is differentiated in that it maintains the antibody-dependent cellular cytotoxicity (ADCC)/complement-dependent cytotoxicity (CDC) function, which only kills cancer cells but not T-cells or other normal cells, enabling it to target cancer cells with better potency.

- The *PD-L1×CD55* bi-specific antibody (GB262) has a novel mechanism of action, and we are exploring it in solid tumors, including pancreatic cancer. Simultaneous inhibition of the PD-L1 and CD55 signaling pathways is able to enhance the internalizing ability of the PD-L1×CD55 bi-specific antibody, thereby blocking PD-1/PD-L1 interaction to activate T-cell dependent immune response and decreasing CD55's inhibition on complement-dependent cytotoxicity more powerfully.

- The *EGFR×c-Met* bi-specific antibody (GB263) is under development to target the huge EGFR-tyrosine kinase inhibitors (TKI)-relapsed non-small cell lung cancer (NSCLC) market. The activation of alternative pathways, including the c-Met signaling pathway, has been identified as a mechanism of resistance to EGFR-targeted therapies. Consequently, blocking one receptor tends to upregulate the other, leading to resistance to single-agent treatment. Because of the signaling crosstalk between EGFR and c-Met, inhibition of both receptors in combination may lead to improved outcomes for patients with c-Met- and EGFR- driven cancers.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- Multiple late stage oncology drug candidates targeting top three targets globally
- Leading drug candidates for China autoimmune and osteoporosis markets
- Robust product pipeline of bi-specific antibody drug candidates with meaningful clinical benefit and market potential
- Integrated biopharmaceutical platform
- Commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies
- Seasoned management team with substantial industry experience and strong shareholder support

OUR STRATEGIES

Our goal is to become a world-class biopharmaceutical leader in research, development, and commercialization of innovative therapeutics for patients in China and globally. To achieve this goal, we plan to pursue the following business strategies:

- Rapidly advance our late-stage drug assets towards commercialization
- Continue developing our early-stage innovative drug pipeline
- Continue executing immune-oncology combination strategy focusing on the Cancer-Immunity Cycle
- Further explore collaboration opportunities to complement our portfolio management strategy
- Constantly upgrade our manufacturing facilities to support our upcoming and expanding pipeline
- Continue strengthening our commercialization capabilities

SUMMARY OF MAJOR IN-LICENSING AND COLLABORATION AGREEMENTS

In November 2010, we entered into an agreement with Abcom, pursuant to which Abcom will produce fully humanized mAb against receptor activator of nuclear factor kappa-B ligand (RANKL) using its proprietary platform in accordance with a specified timetable. In January 2015, we entered into a supplemental agreement with Abcom. Pursuant to this agreement, we have paid Abcom an up-front payment in the amount of RMB1 million. We have also paid Abcom milestone payments in the aggregate amount of RMB1.5 million after reaching certain research milestone events, and we are under no further obligation to make any milestone payments. In addition, we must pay Abcom mid-single digit percentage royalties on the worldwide annual net sales of GB223 for eight years after GB223 is commercialized.

In March 2015, we entered into an exclusive license agreement (the "Crown Bioscience Agreement") with Crown Bioscience (Taicang) with respect to the development and commercialization of GB226, which is Crown Bioscience (Taicang)'s proprietary investigational antibody against PD-1 (the "PD-1 product"). Crown Bioscience (Taicang) granted to us an exclusive, royalty bearing, sublicensable license to exploit GB226 for any human therapeutic, disease prevention or diagnostic purpose in China. We are solely responsible for the development and commercialization of GB226 in China. Pursuant to this agreement, we paid Crown Bioscience (Taicang) an upfront license fee of RMB4 million. We also agreed to make milestone payments to Crown Bioscience (Taicang), conditioned upon the achievement of certain development, regulatory and commercial milestones, in the aggregate amount of RMB43 million. As of the date of this document, we have made milestone payments of RMB15 million to Crown Bioscience (Taicang). In addition, we are required to pay tiered low- to mid- single digit royalties on the annual net sales of GB226 to Crown Bioscience (Taicang) during the term, commencing with the first commercial sale of a relevant licensed product in China.

In June 2020, we entered into an exclusive license agreement (the "G1 Agreement") with G1 Therapeutics with respect to the development, manufacture and commercialization of lerociclib, which is G1 Therapeutics' proprietary investigational CDK4/6 inhibitor. G1 Therapeutics granted to us an exclusive, royalty-bearing, non-transferable, sublicensable license to (i) develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib and certain related compounds for the treatment of any and all indications in humans through the inhibition of CDK4/6 in certain APAC countries excluding Japan; and (ii) manufacture lerociclib and certain related compounds worldwide. We shall pay to G1 Therapeutics (i) a one-time, non-refundable, non-creditable upfront payment in the amount of US$6 million, (ii) non-refundable, non-creditable milestone payments upon achievement of certain development and sales milestones in the aggregate amount of US$40 million, and (iii) non-refundable, non-creditable tiered royalty payments ranging from high single to low double-digits based on aggregate annual net sales of lerociclib sold in the licensed territory in each calendar year.

In June 2020, we entered into an exclusive license agreement with ImmuneSensor Therapeutics for ImmuneSensor Therapeutics' proprietary compound (GB492/IMSA101), a STING agonist. ImmuneSensor Therapeutics granted to us an exclusive, sublicensable right and license under the licensed technology to develop, manufacture and commercialize IMSA101 and certain related compounds. Our license is for all fields in certain APAC countries excluding Japan. We must pay an upfront payment, milestone payments upon achieving certain development and regulatory milestones, and royalties on the net sales of IMSA101 and certain related compounds in the licensed territory that is equal to the product of the net sales of these products in the licensed territory.

See "Business – Licensing and Collaboration Arrangements" for details of these agreements.

OUR PLATFORM

Our integrated biopharmaceutical platform encompasses all the key drug development functionalities, and enables us to identify and address potential CMC and clinical barriers early in the development process so we can direct our efforts towards molecules with the best potential to become clinically validated and commercially viable drugs:

- **Discovery and Research:** Our R&D process starts with strategic target identification and selection, focusing on targets with proven or high potential clinical benefits. Once the targets have been identified, we fully leverage our research hubs in Shanghai and San Francisco to advance our synergized discovery and research efforts. The majority of our 15 drug candidates have been developed in-house. For bi-specific antibodies, we carefully review and select bi-specific designs to yield clear targets for biological synergies while aiming to reduce toxicity, targeting biomarkers covering wider spectrum of indications with huge unmet medical needs. Subsequently, we will take advantage of CAAD to create antibodies with a well-balanced safety, efficacy and CMC developability profile. With respect to antibody-drug conjugates (ADCs), our advantage lies in our innovative linkers that facilitate the conjugation of anti-mitotic toxins (MMAE) to antibodies and in the meantime, dictate the release mechanism of ADCs, largely contributing to the efficacy and low toxicity of the complex.

- **Clinical Development:** Our core clinical team members have played key roles in the submission of more than 60 IND applications and 22 NDAs, and the successful approvals and launches of 16 products (for 20 indications) during their respective careers in China. We currently have 17 clinical trials ongoing in Asia, with two NDAs expected to be filed with the NMPA, four INDs to be filed with the NMPA and the FDA in the next 12 to 18 months, excluding our out-licensed assets, and one NDA recently accepted for review by the NMPA. These remarkable achievements have been driven by our strong clinical execution capabilities and regulatory registration expertise. Specifically, we strategically design the clinical trials of our drug candidates, critically select the registration pathways, diligently conduct our clinical trials to ensure speed of execution and data quality, and maintain constructive dialogues with the regulatory authorities to achieve optimal clinical efficacy, and accelerate the approval process of our drug candidates.

- **Business Development:** We have developed a proactive and systematic approach to evaluate assets for in-licensing opportunities, with a focus on drug candidates with the potential to both complement our existing drug pipeline and have synergistic effects with each other. For example, we in-licensed GB492 with the plan to explore potential combination therapies of each with our existing PD-1 and HER2 drug candidates for oncology indications, and we also expect these two drug candidate themselves to have synergic effects. We have a proven track record of collaborating with biopharmaceutical and biotechnology companies across the globe, including Chi-Med, Immvira, G1 Therapeutics and ImmuneSensor Therapeutics, which underscores our credibility with global biopharmaceutical and biotechnology companies and paves the way for long-term collaborations as the partner-of-choice. Our business development and clinical development teams work together seamlessly to address all technical, clinical and regulatory considerations. In addition, we benefit from the global network and industry resources of our shareholders.

- **Chemistry, Manufacture & Controls:** Our strong Shanghai-based CMC capabilities resulted from approximately one decade of relentless development efforts and have supported our and our collaborators' IND applications for more than 20 antibodies with the NMPA and/or planned IND applications with the FDA. In addition, we have commercialization-ready manufacturing capabilities based in Yuxi, Yunnan with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow us to generate higher titer and yield than the conventional technologies, driving the high-end of the industry range. We benefit from our cost-effective, high-yield CMC capabilities. According to the CIC Report, (i) the yield of concentrated fed-batch and perfusion technologies is 5-10 times that of fed-batch technology; (ii) with the same output, the required bioreactor size of concentrated fed-batch and perfusion technologies is only 1/10 of that required by fed-batch technology, which can result in a more than 40% reduction in fixed costs; and (iii) perfusion technology enables continuous collection of products from bioreactors instead of collection in batches, so production efficiency can be greatly improved than that of fed-batch technology.

MANUFACTURING FACILITIES

Since our inception, we have been strategically building out manufacturing facilities according to good manufacturing practice (GMP) standard. Our manufacturing facilities in Yuxi, Yunnan are commercialization-ready and satisfy the product validation prerequisite for the approval of innovative drug candidates under current regulations in China. The concentrated fed-batch or perfusion technologies used at our Yuxi facilities allow us to generate higher titer and yield than the conventional fed-batch technology, driving the high-end of the industry range. We expect the current capacities of our Yuxi facilities will support our commercial manufacturing needs in the near future. As of May 2020, only three companies could perform concentrated fed-batch or perfusion technologies in China, among which we were one of the only two companies that could self-develop cell culture media, according to the CIC Report. Our manufacturing efficiencies in producing biologic drugs endorses our capabilities of offering world-class therapies to the patients in a quality and affordable fashion.

In addition, we possess the know-hows of both commercial-scale and trial material manufacturing, and most of our Phase 1/2 clinical trial materials have been manufactured at our existing clinical facilities in Shanghai. Batches produced at this site are also planned to be used for IND filings by our customers with the FDA. Materials for Phase 3 clinical studies are, and in the future for commercial purposes will be, manufactured in the Yuxi facilities.

COMMERCIALIZATION

We are building our in-house commercialization team to support the launch of our first two to three NMPA-approved drug assets, including GB226, which we expect to launch in the second half of 2021 subject to NMPA approval. In the near term, we plan to recruit managerial talents dedicated to commercialization of PD-1 and breast cancer drug products, respectively. We will expand our in-house commercialization team to 150-300 employees by 2021 to cover top-tier hospitals in major cities, complemented by strategic partnerships that penetrate lower-tier cities. We may also form strategic partnerships with international biopharmaceutical companies to expand our global footprint.

RAW MATERIAL AND SUPPLIERS

We develop cell lines either independently or in collaboration with third parties when we begin discovery and development on a new drug candidate. We procure equipment for the development and manufacture of our drug candidates from industry-leading, highly reputable manufacturers and suppliers around the world. We use contract research organizations, or CROs, and consultants that manage, conduct and support our clinical trials and pre-clinical studies in China and in the United States.

PRE-IPO INVESTORS

Throughout the development of our Company, we have entered into multiple rounds of financing and entered into agreements with our Pre-IPO Investors. Our Pre-IPO investors will be subject to lock-up arrangements at the time of Listing. For further details regarding the key terms of these agreements and the lock-up arrangements, please see the section headed "History, Development and Corporate Structure – Pre-IPO Investments".

Our broad and diverse base of Pre-IPO Investors consists of venture capital and private equity funds and investment holding companies, some with specific focus on the healthcare sector. For further details of the identity and background of the Pre-IPO Investors, please see the section headed "History, Development and Corporate Structure – Pre-IPO Investments – Information about the Pre-IPO Investors".

Our shareholders consist of global and Chinese biotechnology-focused specialist funds and biopharma platforms experienced in supporting and growing biopharmaceutical companies, and we benefit from their resources and industry expertise.

OUR SINGLE LARGEST SHAREHOLDER

Immediately after the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Share Option Plans are not exercised, and without taking into account the Shares to be subscribed by HHJH as a cornerstone investor in the Global Offering), HHJH and HM Healthcare will be interested in an aggregate of 26.60% of our issued share capital. Accordingly, Hillhouse will cease to be the Company's controlling Shareholders but remain as the single largest group of Shareholders immediately after the Listing.

Taking into account the Shares to be subscribed by HHJH as a cornerstone investor in the Global Offering, the maximum shareholding percentage of Hillhouse in our issued share capital immediately after the completion of the Global Offering will be 29.38% (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range). For more details, please see the section headed "Cornerstone Investors".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

We currently have no product approved for commercial sale and have not generated any revenue from product sales. During the Track Record Period, we primarily generated revenues by providing research and manufacturing services to our customers under fee-for-service contracts. Our revenue from fee-for-service contracts for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 were RMB6.9 million, RMB13.0 million and nil, respectively. Other income, net consists of long-term government grants, as opposed to one-off government grants, and net fair value losses on contingent consideration payable to ABS. Long-term government grants consist of (i) ongoing subsidies received from the PRC local government authorities to support capital expenditure related to our CMC facilities, and (ii) prepaid subsidies to support our ongoing research and development activities in relation to research projects, if there is reasonable assurance that we will comply with all attached conditions. Government grants recognised in other income amounted to RMB11.2 million, RMB8.3 million and RMB1.5 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, respectively. Other (losses)/gains, net primarily consist of net loss on disposal of property, plant and equipment, one-off government grants, and overdue surcharges on other taxes. Net loss on disposal of property, plant and equipment primarily consists of losses incurred in connection with our disposal of machinery and equipment used for manufacturing and research and development activities, which were close to the end of their useful lives. Our other (losses)/gains, net changed from net losses of RMB1.5 million in 2018 to net gains of RMB53.0 thousand in 2019 and further to net losses of RMB0.4 million in the three months ended 31 March 2020. In 2018, we incurred net losses on the disposal of property, plant and equipment of RMB1.0 million as a result of our disposal of machinery and equipment used for manufacturing and research and development activities, which were close to the end

of their useful lives. In addition, we incurred one-off overdue surcharges of RMB0.9 million in 2018, which were related to late fees for tariff payment. We have never been profitable and have incurred operating losses in each year/period during the Track Record Period. Our total comprehensive losses were RMB288.1 million, RMB523.0 million and RMB142.2 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and finance costs. We expect to incur significant expenses and operating losses for at least the next several years as we further our 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 the integrated platform with an advanced clinical candidate pipeline of products. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate quarterly and yearly due to the development status of our drug candidates, our efforts to obtain regulatory approval and commercialize our drug candidates.

The following table sets forth summary data from our consolidated statements of profit or loss and other comprehensive income for the period indicated.

	Year Ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Revenue	6,882	13,039	1,315	–
Cost of revenue	(5,452)	(9,562)	(919)	–
Gross profit	1,430	3,477	396	–
Administrative expenses	(22,285)	(89,367)	(5,684)	(32,785)
Research and development expenses	(271,498)	(438,817)	(70,353)	(111,443)
Other income – net	11,206	4,082	1,604	1,860
Other (losses)/gains – net	(1,459)	53	(30)	(419)
Operating loss	(282,606)	(520,572)	(74,067)	(142,787)
Loss for the year/period	(288,077)	(522,746)	(74,317)	(142,517)
Loss for the year/period attributable to:				
Owners of the Company	(288,077)	(522,082)	(74,317)	(141,965)
Non-controlling interests	–	(664)	–	(552)
Total comprehensive loss	(288,077)	(522,963)	(74,317)	(142,202)

Selected Financial Information from Our Consolidated Balance Sheets

The following table sets forth summary data from our consolidated balance sheets as of the dates indicated.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Total non-current assets	305,191	384,595	382,469
Total current assets	682,470	348,240	296,714
Total assets	987,661	732,835	679,183
Total non-current liabilities	64,398	147,251	143,242
Total current liabilities	99,659	360,124	390,160
Total liabilities	164,057	507,375	533,402
Net assets	823,604	225,460	145,781
Net current assets/(liabilities)	582,811	(11,884)	(93,446)
Non-controlling interests	–	6,474	5,922

We had net current liabilities of RMB11.9 million as of 31 December 2019, primarily due to (i) a RMB445.8 million decrease in amounts due from related parties in 2019, primarily as HHJH fully paid the consideration in connection with its subscription of 67,221,358 ordinary shares in November 2018, (ii) a RMB167.2 million increase in other payables and accruals in 2019, primarily due to increases in payables to third parties in relation to a major new drug development project, and (iii) a RMB72.5 million increase in trade payables in 2019, partially offset by a RMB128.4 million increase in cash and cash equivalents in 2019. For details of the drug development project, see "Financial Information – Discussion of Certain Selected Items from Consolidated Statements of Balance Sheets – Other Non-current Liabilities."

We had net current liabilities of RMB93.4 million as of 31 March 2020, primarily due to (i) a RMB56.7 million decrease in cash and cash equivalents as of 31 March 2020, primarily due to our use of cash in the ordinary course of operations, (ii) a RMB16.0 million increase in amounts due to related parties, primarily due to the issuance of convertible promissory notes to HHJH during the period from 12 March 2020 to 31 March 2020, and (iii) a RMB9.4 million increase in trade payables, partially offset by a RMB7.0 million increase in other receivables, deposits and prepayments.

The decrease in net assets during the Track Record Period was mainly due to net losses and repurchase of Shares. The decrease in net assets from RMB823.6 million as of 31 December 2018 to RMB225.5 million as of 31 December 2019 was primarily due to (i) a RMB445.8 million decrease in amounts due from related parties as of 31 December 2019, primarily due to consideration for the remaining 67,221,358 ordinary shares in connection with our December 2018 Equity Financing paid by HHJH in 2019, see "History, Development and Corporate Structure – Pre-IPO investments – Series A Financing – December 2018 Equity Financing" for details, (ii) a RMB167.2 million increase in other payables and accruals primarily as a result of an increase in government grants payable to the Research Partners in relation to a major new drug development project, and (iii) a RMB72.5 million increase in trade payables, partially offset by a RMB128.4 million increase in cash and cash equivalents.

The decrease in net assets from RMB225.5 million as of 31 December 2019 to RMB145.8 million as of 31 March 2020 was primarily due to (i) a RMB56.7 million decrease in cash and cash equivalents as of 31 March 2020, primarily due to our use of cash in the ordinary course of operations, and (ii) a RMB15.8 million increase in amounts due to related parties, primarily due to the issuance of convertible promissory notes to HHJH during the period from 12 March 2020 to 31 March 2020.

We plan to improve our net current liabilities position as of 31 March 2020 through (i) rapidly advancing our late-stage drug assets towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control cost and operating expenses, primarily including research and development expenses and administrative expenses; (iii) enhancing working capital management efficiency; (iv) successfully launching the Global Offering to obtain the proceeds; and (v) seeking additional funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources.

Without taking into account of the proceeds from the Global Offering, and taking into account our past and prospective cash burn rate, including but not limited to future research and development and administrative expenses, lease payment, capital expenditure and current financial position, our Directors estimate that our cash and cash equivalents in total of RMB840.6 million as of 31 July 2020 are sufficient to maintain our financial viability for approximately 33 months.

SUMMARY DATA FROM CONSOLIDATED CASH FLOW STATEMENTS

The following table provides information regarding our cash flows for the periods indicated:

	Year Ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Net cash outflow used in operating activities	(253,394)	(110,529)	(74,634)	(95,261)
Net cash outflow used in operating activities before movements in working capital	(211,692)	(372,433)	(65,377)	(103,847)
Changes in working capital	(43,259)	261,280	(9,580)	8,385
Interest received	1,557	624	323	201
Net cash outflow used in investing activities	(29,521)	(40,677)	(7,708)	(8,169)
Interest paid to related parties	(4,621)	–	–	–
Net cash inflow generated from/(used in) financing activities	346,931	278,543	(1,710)	46,193
Net increase/(decrease) in cash and cash equivalents	64,016	127,337	(84,052)	(57,237)
Cash and cash equivalents at the beginning of the year/period	61,100	125,158	125,158	253,520
Exchange gains/(losses) on cash and cash equivalents	42	1,025	(17)	553
Cash and cash equivalents at the end of the year/period	125,158	253,520	41,089	196,836

During the three months ended 31 March 2020, we had net cash outflow used in operating activities of RMB95.3 million, which resulted principally from our loss before income tax of RMB143.6 million, adjusting for non-cash charges of RMB39.7 million and working capital changes of RMB8.4 million. Our net non-cash charges during the three months ended 31 March 2020 primarily consisted of non-cash share-based payment expenses of RMB27.1 million, depreciation of property, plant and equipment of RMB7.4 million and amortization of right-of-use assets and intangible assets of RMB3.9 million. Our working capital changes mainly included (i) RMB9.4 million of trade payables, and (ii) RMB6.1 million of accruals and other payables, partially offset by RMB10.2 million of other receivables, deposits and prepayments.

During the year ended 31 December 2019, we had net cash outflow used in operating activities of RMB110.5 million, which resulted principally from our loss before income tax of RMB523.6 million, adjusting for non-cash charges of RMB151.2 million and working capital changes of RMB261.3 million. Our net non-cash charges during the year ended 31 December 2019 primarily consisted of non-cash share-based payment expenses of RMB108.1 million, depreciation of property, plant and equipment of RMB29.1 million and amortization of right-of-use assets and intangible assets of RMB11.5 million and net fair value losses on contingent consideration payable to ABS of RMB4.3 million, partially offset by gains from asset-related government grants of RMB3.5 million. Our working capital changes mainly included (i) RMB143.7 million of accruals and other payables, (ii) RMB37.4 million of other non-current liabilities, (iii) RMB72.5 million of trade payables, (iv) RMB6.2 million of amounts due to related parties, and (v) RMB4.5 million of contract cost, partially offset by RMB1.9 million of other receivables, deposits and prepayments and RMB1.4 million of inventories.

During the year ended 31 December 2018, we had net cash outflow used in operating activities of RMB253.4 million, which resulted principally from our loss before income tax of RMB288.1 million, adjusting for non-cash charges of RMB76.4 million and working capital changes of RMB43.3 million. Our net non-cash charges during the year ended 31 December 2018 primarily consisted of non-cash share-based payment expenses of RMB35.5 million, depreciation of property, plant and equipment of RMB27.1 million, amortization of right-of-use assets and intangible assets of RMB10.0 million and financial cost of RMB7.0 million, partially offset by gains from asset-related government grants of RMB3.5 million and interest income of RMB1.4 million. Our working capital changes mainly included (i) RMB44.2 million of other receivables, deposits and prepayments, (ii) RMB8.7 million of amounts due to related parties, (iii) RMB2.2 million of deferred income of reimbursement of future expenses, and (iv) RMB1.4 million of contract cost, partially offset by (a) RMB7.1 million of contract liabilities, (b) RMB3.5 million of inventories, and (c) RMB3.4 million of other payables and accruals.

Our operating cashflows will continue to be affected by our research and development expenses.

The Directors are of the opinion that our Company has 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 (including any production costs) for at least the next 12 months from the expected date of this prospectus. In view of cash outflow from operating activities and net losses throughout the Track Record Period and net current liabilities as of 31 December 2019 and 31 March 2020, we plan to improve our operating cash flow position by (i) rapidly advancing our late-stage drug assets towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control cost and operating expenses, primarily including research and development expenses and administrative expenses; and (iii) enhancing working capital management efficiency.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of 31 December		As of 31 March
	2018	2019	2020
Current Ratio[(1)]	6.85	0.97	0.76
Quick Ratio[(2)]	6.59	0.90	0.70

Notes:

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

(2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

RECENT DEVELOPMENTS

In June 2020, we and G1 Therapeutics, Inc., or G1 Therapeutics, entered into an exclusive license agreement for the development and commercialization of lerociclib in the Asia-Pacific region (excluding Japan). Lerociclib is a differentiated oral CDK4/6 inhibitor being developed for use in combination with other targeted therapies in certain types of breast and lung cancer. Preliminary clinical data in estrogen receptor-positive, HER2-negative (ER+, HER2-) breast cancer have demonstrated proof-of-concept of the differentiated clinical profile of lerociclib versus currently marketed CDK4/6 inhibitors, with improved tolerability and less neutropenia. Neutropenia is one of the main toxicities associated with CDK4/6 inhibition. We see significant unmet medical need in Asian patients with HR+, HER2- breast cancer in both adjuvant and metastatic settings, especially among intermediate and high-risk patients whose longer treatment duration requires therapeutics with better tolerability. Lerociclib is a potentially best-in-class CDK4/6 inhibitor, with robust efficacy and a differentiated safety profile when compared with marketed products. With lerociclib as a strategic fit in our portfolio, we look forward to working with G1 Therapeutics to maximize the potential of this compound in the APAC region.

In July 2020, our NDA submission for GB226 in 2L r/r PTCL was accepted for review by the NMPA and has been granted priority review status.

Impact of the COVID-19 Outbreak

There has been an outbreak of COVID-19 that was first reported in December 2019 and has rapidly spread across China and around the world. As of the Latest Practicable Date, the outbreak of COVID-19 has not caused any early termination of our clinical trials or necessitated removal of any enrolled patients. The outbreak of COVID-19 caused some delay in patient enrollment for our Phase 1b clinical trials of GB226 in combination with

fruquintinib, and patient enrollment has resumed normal as of the Latest Practicable Date. During the outbreak of COVID-19, we worked closely with our CROs to monitor the situation and manage our clinical trials. We maintained contact with our patients to ensure that they remain on the trials and that any information they need will be readily available. As of the Latest Practicable Date, there had been no confirmed cases among the enrolled patients of our ongoing clinical trials. We currently expect that our clinical trials for Core Products and other key products in China will not be significantly affected by the outbreak of COVID-19.

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

Our Directors believe that, based on information available as of the date of this document, the outbreak of COVID-19 would not result in a material disruption to our business operations because (i) none of our headquarters and production facilities are located in Hubei Province or regions under lockdown; (ii) our major suppliers are not located in Hubei Province, and our supply chain has not experienced any material disruption since the outbreak of COVID-19; (iii) most of our employees do not reside in Hubei Province; (iv) our research and development team had already resumed working; and (v) our operations in the United States have generally not been affected by the outbreak of COVID-19 as of the Latest Practicable Date.

Taking into account our past and prospective cash burn rate, including but not limited to future research and development and administrative expenses, lease payment, capital expenditure and current financial position, and current cash and cash equivalents, unutilized banking facilities and net proceeds designated for general working capital based on low-end of the Offer Price, our Directors believe that we can remain financially viable for approximately 37 months.

It is uncertain when and whether COVID-19 could be contained. The above analyses are made by our management based on currently available information concerning COVID-19. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please refer to the paragraphs headed "Risk Factors – Risks Relating to Clinical Development of Our Drug Candidates – Our business, financial condition and results of operations may be adversely affected by the recent coronavirus outbreak."

We expect to record an increase in net loss for the year ending 31 December 2020 because we will continue to incur significant expenses as we further our research and development efforts, continue the clinical development of, and seek regulatory approval for, our key drug candidates and prepare for the near term commercialization of our Core Products including GB226, GB221 and GB242.

Our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since 31 March 2020, being the date of our consolidated financial statements as set out in the Accountant's Report included in Appendix I, and up to the date of this prospectus.

Share Consolidation

On 3 September 2020, our Shareholders resolved that, with immediate effect, every two shares with a par value of US$0.00001 each in the Company's issued and unissued share capital be consolidated into one share with a par value of US$0.00002, such that immediately following the consolidation of shares, the authorized share capital of the Company is US$20,000.00 divided into 1,000,000,000 shares of par value of US$0.00002 each, consisting of (i) 688,302,094 ordinary shares of a par value of US$0.00002 each, (ii) 238,909,590.5 Series A Preferred Shares of a par value of US$0.00002 each, and (iii) 72,788,315.5 Series B Preferred Shares of a par value of US$0.00002 each.

Allegations relating to One of Our Drug Candidates

Our Executive Director and Chief Executive Officer was recently alleged by a former employer (a China-based pharmaceutical company) to have used or disclosed proprietary information in breach of non-disclosure obligations to advance the clinical development of one of our drug candidates, GB491 (CDK4/6 inhibitor) that we in-licensed from G1 Therapeutics in June 2020. Our Executive Director and Chief Executive Officer strenuously denies the allegations and maintains that he has not engaged in any actions in breach of the employment contract with his former employer, and in particular that there was no disclosure of propriety information obtained during the course of his prior employment that amounts to "trade secrets" that could have been leveraged to further the development of GB491. After due and careful inquiry, nothing has come to the attention of our Directors or the Joint Sponsors to suggest that the allegations have any reasonable basis and merit or that the incident is material to us. As of the Latest Practicable Date, no litigation or legal proceedings have been brought against our Executive Director and Chief Executive Officer or our Company in connection with the allegations. We will firmly and strenuously defend any allegations against us in the event that any litigation or legal proceedings are brought against us. See "Business – Legal Proceedings and Compliance" and "Risk Factors – Risks Related to Our Intellectual Property – If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We also may be subject to claims that our employees, consultants, or advisers have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property" for further details.

GLOBAL OFFERING

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

(i) the Hong Kong Public Offering of 11,989,000 Offer Shares (subject to adjustment) in Hong Kong as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering"; and

(ii) the International Offering of an aggregate of initially 107,892,000 Shares (subject to adjustment and the Over-allotment Option), (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S (including to professional and institutional investors in Hong Kong).

The Offer Shares will represent 24.92% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Option Plans. If the Over-allotment Option is exercised in full, and no new Shares will be issued pursuant to the Share Option Plans, the Offer Shares will represent approximately 27.62% of the issued share capital of our Company immediately following the completion of the Global Offering.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 119,881,000 new Shares are issued pursuant to the Global Offering; and (ii) 481,091,508 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$20.30	**Based on an Offer Price of HK$24.00**
Market capitalisation of our Shares[(1)]	HK$9,766.2 million	HK$11,546.2 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	HK$5.87 (RMB5.18)	HK$6.94 (RMB6.12)

Notes:

(1) The calculation of market capitalisation is based on 481,091,508 shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II and on the basis that 398,851,587 shares (excluding the ordinary shares and Series B Preferred Share Issued after 31 March 2020) are expected to be in issue immediately upon completion of the Global Offering.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see "Unaudited Pro Forma Financial Information" in Appendix II.

DIVIDENDS

We have never declared or paid any dividends on our ordinary shares or any other securities during the Track Record Period. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends.

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. 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. Investors should not purchase our shares with the expectation of receiving cash dividends.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$174.5 million (including underwriting commission, assuming an Offer Price of HK$22.15 per Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Share), assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the equity incentive plans. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended 31 December 2018 and 2019. In 2020, approximately HK$63.9 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$110.6 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 6.6%, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$22.15 per Offer Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Offer Share in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,480.8 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$22.15 per Offer Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Offer Share in this prospectus. We intend to use the net proceeds we will receive from this offering for the following purposes:

- 65% allocated to our key products as follows:

  (i) 42% of net proceeds, or approximately HK$1,041.9 million, to fund research and development activities of our Core Products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialization of which (a) 25%, or HK$620.2 million, is

expected to be used for GB226, including combination trials with GB492, (b) 10%, or HK$248.1 million, is expected to be used for GB221, and (c) 7%, or HK$173.7 million, is expected to be used for GB242.

(ii) 23% of net proceeds, or approximately HK$570.6 million, to fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, of which (a) 15%, or HK$372.1 million, is expected to be used for GB491, and (b) 8%, or HK$198.5 million, is expected to be used for GB223.

- 15% of net proceeds, or approximately HK$372.1 million, to fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline.

- 10% of net proceeds, or approximately HK$248.1 million, to fund the expansion of our drug pipeline. We may explore other oncology indications with large unmet medical needs, including breast cancer, gastrointestinal cancer and lung cancer, with a strategic and systemic approach targeting the Cancer Immunity Cycle.

- 10% of net proceeds, or approximately HK$248.1 million, for general corporate purposes, of which (a) 5%, or HK$124.1 million, is expected to be used to recruit R&D personnel and continue to develop our platform, and (b) 5%, or HK$124.1 million, is expected to be used for purchasing property, plant, and equipment.

Please see the section headed "Future Plans and Use of Proceeds" for details.

RISK FACTORS

Our operations and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. See the section headed "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- We do not currently generate revenue from the commercial sales of drug products. We have incurred net losses in each period since our inception and anticipate that we will continue to incur net losses in the near future and may never achieve or maintain profitability.

- No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price and trading volume of our Shares may decline or became volatile, which could lead to substantial losses to investors.

- It may be difficult to evaluate our current business and predict our future performance.

- We depend substantially on the success of our drug candidates, all of which are in pre-clinical or clinical development, and our ability to identify additional drug candidates. If we are unable to successfully identify new drug candidates, complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

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

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

- Our business, financial condition and results of operations may be adversely affected by the recent coronavirus outbreak.

- Our drug candidates may cause undesirable adverse events or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval.

- If we are unable to obtain the NMPA approval for our drug candidates to be eligible for an expedited registration pathway as innovative drug candidates, the time and cost we incur to obtain regulatory approvals may increase.

- Approval pathway for biosimilars in China remains fluid, which may adversely affect the regulatory approval of our biosimilars drug candidates.

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

- We have no experience in launching and marketing drug candidates. We may not be able to effectively build and manage our sales network, or benefit from third-party collaborators' sales network.

- We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

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

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

- Our future success depends on our ability to attract, retain and motivate senior management and qualified scientific employees.

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

"ABS"	Ab Studio Inc., an existing corporation incorporated under the laws of the State of Delaware, U.S. on 23 January 2017
"ABT"	Ab Therapeutics, Inc., a corporation incorporated on 19 August 2019 and existing under the laws of the State of Delaware, U.S., and a subsidiary of the Company
"ABT Subscription and Stock Purchase Agreement"	the subscription and stock purchase agreement entered into between ABT, ABS, Dr. Yue Liu and the Company dated 26 September 2020
"Accountant's Report"	the Accountant's Report for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AquaStar"	AquaStar Investment Limited, a business company incorporated under the laws of the British Virgin Islands on 3 July 2018 and one of our Pre-IPO Investors
"Aranda Investments"	Aranda Investments Pte. Ltd., a company incorporated under the laws of Singapore on 8 December 2003 and one of our Pre-IPO Investors
"Articles" or "Articles of Association"	the sixth amended and restated articles of association of the Company adopted on 18 September 2020 with effect from Listing, as amended from time to time, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III
"Assignment and License Agreement"	the assignment and license agreement entered into on 19 September 2019 by and between ABT and ABS

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"BeiGene"	BeiGene, Ltd., a limited company incorporated under the laws of Cayman Islands on 28 October 2010, whose shares are listed on the NASDAQ (ticker symbol: BGNE) since October 2014 and the Stock Exchange (stock code: 6160) since August 2018, and an Independent Third Party
"BioTrack Capital"	BioTrack Capital Fund I, LP, an exempted limited partnership incorporated under the laws of the Cayman Islands on 13 July 2018 and one of our Pre-IPO Investors
"Board"	the board of Directors of the Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
"Cayman Registrar"	the Registrar of Companies of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China and for the purposes of this prospectus only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	JHBP (CY) Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	the aggregate of 2,272,727 Shares to be issued as part of the consideration for the Ab Share Purchase, the first instalment being 568,182 Shares (after adjustment for the Share Consolidation) to be issued on 27 September 2020 and details of which are set out in the section headed "History, Development and Corporate Structure – Acquisitions, Investments and Dissolution – Acquisition of ABT Shares – ABT Subscription and Stock Purchase Agreement"
"CPED Pharma"	CPED Pharma Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 23 April 2020 and one of our Pre-IPO Investors
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product(s)"	has the meaning ascribed to it under Chapter 18A of the Listing Rules, which, for the purposes of this prospectus, refers to GB226, GB221 and GB242
"CSRC"	China Securities Regulatory Commission
"December 2019 Shares Subscription Agreement"	the share subscription agreement entered into on 27 December 2019 by and among the Company, HHJH, Hongkong Tigermed and Yingke Innovation Fund
"Director(s)"	the director(s) of the Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Fifth Amended Articles"	the fifth amended and restated memorandum and articles of association of the Company adopted by special resolution of the shareholders of the Company on 26 May 2020
"Fortune Creation"	Fortune Creation Ventures Limited, a business company incorporated under the laws of the British Virgin Islands on 3 October 2016 and one of our Pre-IPO Investors

"Founder Commitment Agreement"	the founder commitment agreement entered into on 26 September 2019 by and among the Company, ABT and Dr. Yue Liu
"G1 Therapeutics"	G1 Therapeutics, Inc., a corporation organized and existing under the laws of the State of Delaware, the United States, on 19 May 2008, whose common stock has been listed on the NASDAQ since May 2017 (ticker symbol: GTHX), and an Independent Third Party
"Genor Biopharma"	Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司), a company established under the laws of the PRC on 4 December 2007 and one of the Company's principal subsidiaries
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Great JH Bio"	Great JH Bio LP, an exempted limited partnership registered under the laws of the Cayman Islands on 24 April 2020
"Green Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"HaiTong XuYu"	HaiTong XuYu International Limited, a business company incorporated under the laws of the British Virgin Islands on 3 February 2016 and one of our Pre-IPO Investors
"Henlius"	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company established on 24 February 2010 and converted into a joint stock company with limited liability on 26 September 2016 under the laws of the PRC, whose shares are listed on the Stock Exchange (stock code: 2696) since September 2019, and an Independent Third Party

"HHCT"	HH CT Holdings Limited, a company incorporated under the laws of Hong Kong on 24 October 2016 and one of the Company's principal subsidiaries
"HHJH"	HHJH Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 1 June 2018, a member of Hillhouse and one of our Pre-IPO Investors
"Hillhouse"	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., HM Healthcare, HM Healthcare Services, Ltd., Hillhouse Fund II, L.P. and Hillhouse Capital Management, Ltd. being the controlling Shareholder as a group as at the date of this prospectus. Hillhouse will cease to be the Company's controlling Shareholder but remain as the single largest group of Shareholders immediately after the Listing.
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominee"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HM Healthcare"	HM Healthcare Management Services, Ltd., an exempted limited liability company incorporated under the laws of the Cayman Islands on 27 November 2014, a member of Hillhouse and one of our Pre-IPO Investors
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 11,989,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering")

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in the section headed "Structure of the Global Offering"
"Hong Kong Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hongkong Tigermed"	Hongkong Tigermed Co., Limited (香港泰格醫藥科技有限公司), a limited liability company incorporated under the laws of Hong Kong on 14 September 2011 and one of our Pre-IPO Investors
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 22 September 2020 relating to the Hong Kong Public Offering entered into among, inter alia, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and the Company, as further described in the section headed "Underwriting"
"Honor Noble"	Honor Noble Holdings Limited, a business company incorporated under the laws of the British Virgin Islands on 1 April 2020 and one of our Pre-IPO Investors
"HKFRS"	Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Institute of Certified Public Accountants
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules

"International Offer Shares"	the 107,892,000 Shares being initially offered for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering"
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, the Company, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in the section headed "Underwriting"
"Investors' Rights Agreement"	the investors' rights agreement entered into on 26 September 2019 by and among the Company, ABT, ABS and Dr. Yue Liu
"J&Z Biologicals"	J&Z Biologicals Limited, a business company incorporated under the laws of the British Virgin Islands on 23 April 2020
"Jinsheng Capital"	Jinsheng Capital Management Limited (金晟資產管理有限公司), a company incorporated under the laws of Hong Kong on 14 June 2018
"Joint Bookrunners"	the joint bookrunners as named in "Directors and Parties Involved in the Global Offering"
"Joint Global Coordinators"	the joint global coordinators as named in "Directors and Parties Involved in the Global Offering"

"Joint Lead Managers"	the joint lead managers as named in "Directors and Parties Involved in the Global Offering"
"Joint Sponsors"	the joint sponsors of the listing of the Shares on the Main Board of the Stock Exchange as named in "Directors and Parties Involved in the Global Offering"
"Junshi"	Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), a company established on 27 December 2012 and converted into a joint stock company with limited liability in May 2015 under the laws of the PRC, whose shares are listed on the Stock Exchange (stock code: 1877) since December 2018, and an Independent Third Party
"Kanghe Medical"	Kanghe Medical Technology Limited (康和醫療科技有限公司), a business company incorporated under the laws of the British Virgin Islands on 31 May 2019
"Kangjia Medical"	Kang Jia Medical Technology Limited (康嘉醫療科技有限公司), a business company incorporated under the laws of the British Virgin Islands on 31 May 2019
"Latest Practicable Date"	18 September 2020, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 7 October 2020, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Long Fast"	Long Fast Limited (捷永有限公司), a business company incorporated under the laws of the British Virgin Islands on 18 January 2010 and one of our Pre-IPO Investors

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the sixth amended and restated memorandum of association of the Company adopted on 18 September 2020 with effect from Listing, as amended from time to time, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NM Strategic"	NM Strategic Focus Fund II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on 25 March 2019 and one of our Pre-IPO Investors
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Note Purchase Agreement"	the convertible note purchase agreement entered into on 12 March 2020 by and between the Company and HHJH
"October 2019 Shares Subscription Agreement"	the share subscription agreement entered into on 22 October 2019 by and among the Company, Twin Eagle, AquaStar, HM Healthcare, TG River, Tiger Jade and Yingke Innovation Fund
"Offer Price"	the final price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$24.00 and expected to be not less than HK$20.30, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offering Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed "Structure of the Global Offering – Pricing and Allocation"

"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be issued by the Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by the Company to the International Underwriters, exercisable by the Stabilization Manager on behalf of the International Underwriters and in consultation with the Joint Global Coordinators for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to 17,982,000 Shares (representing in aggregate 15% of the initial Offer Shares) to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering – Over-allotment Option"
"Photons Group"	Photons Group Limited (復通集團有限公司), a company incorporated under the laws of Hong Kong on 23 June 2014 and one of our Pre-IPO Investors
"PRC Legal Advisor"	Haiwen & Partners
"Preferred Shares"	Series A Preferred Shares and/or Series B Preferred Shares
"Post-IPO Share Option Plan"	The Post-IPO Share Option Plan adopted by the Company on 18 September 2020, the principal terms of which are set out in "Statutory and General Information – D. Share Option Schemes – 2. Post-IPO Share Option Plan"
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in the Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History, Development and Corporate Structure"

"Pre-IPO Investor(s)"	HHJH, HM Healthcare, Fortune Creation, BioTrack Capital, Qiming Venture, Qiming Managing, Photons Group, Twin Eagle, AquaStar, TG River, Tiger Jade, Yingke Innovation Fund, Hongkong Tigermed, True Magic, Long Fast, Puhua Capital, Shanghai Yuyi, Yaly Capital, Aranda Investments, Honor Noble, HaiTong XuYu, CPED Pharma, NM Strategic, Strategic China Healthcare and Solshire International
"Pre-IPO Share Option Plan"	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020, the principal terms of which are set out in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV
"Price Determination Agreement"	the agreement to be entered into among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about 28 September 2020 (Hong Kong time) and in any event no later than 6 October 2020, on which the Offer Price is to be fixed by an agreement between the Company and the Joint Global Coordinators (on behalf of the Underwriters)
"Principal Share Registrar"	Maples Fund Services (Cayman) Limited
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Puhua Capital"	Puhua Capital Ltd, a company incorporated under the laws of Samoa on 9 September 2010 and one of our Pre-IPO Investors
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Qiming Managing"	Qiming Managing Directors Fund VI, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on 12 February 2018 and one of our Pre-IPO Investors

"Qiming Venture" or "Qiming Venture Partners"	Qiming Venture Partners VI, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on 12 February 2018 and one of our Pre-IPO Investors
"Quitclaim Assignment Agreement"	the quitclaim assignment agreement entered into on 19 September 2019 by and between ABT and Dr. Yue Liu
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganization arrangements undergone by our Group in preparation for Listing as described in "History, Development and Corporate Structure – Reorganisation"
"Right of First Refusal and Co-Sale Agreement"	the right of first refusal and co-sale agreement entered into on 26 September 2019 by and among the Company, ABT, ABS and Dr. Yue Liu
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC
"SEC"	the Securities and Exchange Commission of the United States
"Series A Preferred Shares"	the Series A Preferred Shares of the Company with a current par value of US$0.00002 per share
"Series B Preferred Shares"	the Series B Preferred Shares of the Company with a current par value of US$0.00002 per share
"SFC"	the Securities and Futures Commission of Hong Kong
"Share Option Plans"	the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan
"Shanghai Changnuo"	Shanghai Changnuo Enterprise Management Partnership (Limited Partnership) (上海昶諾企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 18 October 2018

"Shanghai Genor"	Shanghai Genor Biopharma Co., Ltd. (上海嘉和生物科技有限公司), a company established and dissolved under the laws of the PRC respectively on 12 October 2011 and 21 November 2019, wholly owned by Genor Biopharma prior to its dissolution
"Shanghai Qierui"	Shanghai Qierui Enterprise Management Partnership (Limited Partnership) (上海且瑞企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 29 September 2018
"Shanghai Yanghuan"	Shanghai Yanghuan Enterprise Management Partnership (Limited Partnership) (上海央煥企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 16 October 2018
"Shanghai Yuyi"	Shanghai Yuyi Enterprise Management Partnership (Limited Partnership) (上海裕詣企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 29 October 2019 and one of our Pre-IPO Investors
"Share(s)"	ordinary share(s) in the share capital of the Company
"Share Consolidation"	the consolidation of every two shares with par value of US$0.00001 each in the Company's issued and unissued share capital into one share of the corresponding class with par value of US$0.00002 each, the details of which are set out in the section headed "History, Development and Corporate Structure – Share Consolidation"
"Shareholder(s)"	holder(s) of the Share(s)

"Shareholders' Agreement"	the second amended and restated shareholders' agreement entered into on 26 May 2020 by and among the Company, Walga, Watchmen Alpha Limited, J&Z Biologicals Limited, Great JH Bio LP, HHJH, BioTrack Capital, Fortune Creation, Qiming Venture, Qiming Managing, Photons Group, Twin Eagle, AquaStar, Kangjia Medical, Kanghe Medical, Shanghai Yanghuan, Shanghai Changnuo, Shanghai Qierui, HM Healthcare, TG River, Tiger Jade, Yingke Innovation Fund, Hongkong Tigermed, Shanghai Yuyi, True Magic, Long Fast, Puhua Capital, Yaly Capital, Aranda Investments, Honor Noble, HaiTong XuYu, CPED Pharma, NM Strategic, Strategic China Healthcare and Solshire International
"Solshire International" or "Solshire"	Solshire International SPC (朔商國際SPC), a company incorporated under the laws of the Cayman Islands on 6 February 2019 and one of our Pre-IPO Investors
"Sophisticated Investor"	has the meaning ascribed to it in the Guidance Letter HKEX-GL92-18 issued by the Stock Exchange in April 2018 and updated in October 2019 and April 2020
"Stabilization Manager"	Goldman Sachs (Asia) L.L.C.
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilization Manager (or its affiliate(s)) and HHJH on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic China Healthcare"	Strategic China Healthcare Holdings Limited, a company incorporated under the laws of Hong Kong on 12 September 2019 and one of our Pre-IPO Investors
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"Sun Moral"	Sun Moral International (HK) Limited (耀忠國際(香港)有限公司), a company incorporated under the laws of Hong Kong on 5 October 2007

"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"TG River"	TG River Investment Ltd., a business company established under the laws of the British Virgin Islands on 14 October 2019 and one of our Pre-IPO Investors
"Tiger Jade"	Tiger Jade Investment I Company Limited, a business company established under the laws of the British Virgin Islands on 3 October 2019 and one of our Pre-IPO Investors
"Track Record Period"	the two financial years ended 31 December 2018 and 2019 and the three months ended 31 March 2020
"True Magic"	True Magic Investments Limited (誠妙投資有限公司), a business company incorporated under the laws of the British Virgin Islands on 4 November 2014 and one of our Pre-IPO Investors
"Twin Eagle"	Twin Eagle Venture Limited, a business company incorporated under the laws of the British Virgin Islands on 3 July 2018 and one of our Pre-IPO Investors
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. FDA" or "FDA"	the U.S. Food & Drug Administration of the U.S. Department of Health and Human Services

"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Voting Agreement"	the voting agreement entered into on 26 September 2019 by and among the Company, ABT, ABS and Dr. Yue Liu
"Walga"	Walga Biotechnology Limited (沃嘉生物技術有限公司), a business company incorporated under the laws of the British Virgin Islands on 5 June 2019 and an indirect wholly-owned subsidiary of Walvax and one of our substantial shareholders
"Walvax"	Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a public company established under the laws of the PRC on 16 January 2001 and listed on the Shenzhen Stock Exchange (stock code: 300142)
"Watchmen Alpha"	Watchmen Alpha Limited, a business company incorporated under the laws of the British Virgin Islands on 12 December 2019
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investors Services Limited
"Yaly Capital"	Yaly Capital Biotech Investment 1 Limited, a limited liability company incorporated under the laws of the British Virgin Islands on 14 May 2018 and one of our Pre-IPO Investors
"Yingke Innovation Fund"	Yingke Innovation Fund LP, an exempted limited partnership registered under the laws of the Cayman Islands on 3 September 2019 and one of our Pre-IPO Investors
"Yuxi Genor"	Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司), a company established under the laws of the PRC on 8 July 2014 and one of the Company's principal subsidiaries

"Yuxi Walvax"	Walvax Biotechnology Co., Ltd. (玉溪沃森生物技術有限公司), a company established under the laws of the PRC on 4 March 2005
"2018 Share Subscription Agreement"	the share subscription agreement entered into on 19 November 2018 by and among the Company, HHJH, Yaly Capital, Fortune Creation, BioTrack Capital, Qiming Venture, Qiming Managing, Photons Group, Twin Eagle, AquaStar, Sun Moral and Jinsheng Capital
"2020 Shares Subscription Agreement"	the Series B Preferred Shares Subscription Agreement entered into on 18 May 2020 by and among the Company, HHCT, Genor Biopharma, HHJH, Aranda Investments, Honor Noble, HaiTong XuYu, CPED Pharma, NM Strategic, Strategic China Healthcare and Solshire International
"%"	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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

"active ingredient"	the substance in a pharmaceutical drug that is biologically active
"ADA"	antidrug antibody
"ADC"	antibody-drug conjugate, a class of biopharmaceutical drugs designed as a targeted therapy using antibodyguided chemical toxins to kill tumor cells
"ADCC"	antibody-dependent cellular cytotoxicity
"Adjuvant treatment"	additional treatment given after the main treatment, mostly surgical treatment, to help lower the risk of the cancer recurring
"adverse event" or "AE"	any untoward medical occurrence in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which does not necessarily have a causal relationship with the treatment
"ALK"	anaplastic lymphoma kinase
"angiogenesis"	the formation of new blood vessels
"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"apoptosis"	programmed cell death
"AS"	ankylosing spondylitis, a form of arthritis that primarily affects the spine, although other joints can become involved. It causes inflammation of the spinal joints (vertebrae) that can lead to severe, chronic pain and discomfort. In more advanced cases this inflammation can lead to ankylosis-new bone formation in the spine-causing sections of the spine to fuse in a fixed, immobile position
"ASPS"	alveolar soft part sarcoma

"assay"	an analysis done to determine (1) the presence of a substance and the amount of that substance and (2) the biological or pharmacological potency of a drug
"AUC"	the area under the curve, a measure of how much of a drug is in a patient's system over a given time period. In order to calculate the AUC, both the AUC_{0-t} and the AUC_{0-inf} must be calculated
"AUC_{0-inf}"	area under the concentration-time curve from the first time point measured (0) extrapolated to infinity (inf)
"AUC_{0-t}"	area under the concentration-time curve from the first time point measured (0) to the last time point measured (t)
"autoimmune diseases"	diseases such as rheumatoid arthritis and lupus which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"auto-immunology"	the branch of immunology that studies the misdirected immune response that occurs when the immune system goes awry and attacks the body itself. Autoimmunity is present to some extent in everyone and is usually harmless. However, autoimmunity can cause a broad range of human illnesses, known collectively as autoimmune diseases
"B cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies
"BC"	breast cancer
"bioequivalence"	the absence of a significant difference in the rate and extent to which the active ingredient or active molecular portion in pharmaceutical equivalents or pharmaceutical alternatives becomes available at the site of drug action when administered
"bioequivalents"	drugs having the equivalent bioavailability, i.e. the equivalent rates and extents of absorption of parent drugs or active metabolites from a dosage form into the systemic circulation

"biosimilar"	biological drug which is designed to have the same amino acid sequence and the equivalent (but not identical or clinical better) active properties as compared to, and which is not necessarily clinically interchangeable with, reference originator drug that has already received marketing approvals, not to be confused with such other terms as "biobetter" (which is clinically better than reference originator drugs), "biogeneric" (which is clinically interchangeable with reference originator drugs) or "follow-on biologic" (which may or may not include biosimilar) even though these terms are used interchangeably under certain regulatory regimes and in certain contexts
"bi-specific antibody" or "BsAb"	antibody that combines two antigen-recognizing elements into a single construct, able to bind to two different antigens at the same time
"carcinoma"	a cancer that begins in the lining layer (epithelial cells) of organs
"CD"	Crohn's disease
"CD3"	a protein complex and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"CD20"	a cell surface protein widely expressed on immune system B cells
"CD55"	a biomarker overexpressed by cancer cells to inhibit complement function
"CDC"	complement-dependent cytotoxicity
"CDE"	Center for Drug Evaluation
"CDK4/6"	cyclin-dependent kinase 4/6
"cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment

"cell line"	a population of cells which descend from a single cell and contain the same genetic makeup, thereby producing the same proteins. The productivity of a cell line determines the cost of manufacturing and the quality of a cell line is directly related to the quality of the relevant biologics
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"cHL"	classical Hodgkin's lymphoma, a type of cancer arising from the lymphatic system
"95% CI"	95% confidence interval, a commonly used concept in biostatistics, meaning in approximately 95 out of 100 times, the interval will contain the true mean value
"C_{max}"	maximum measured serum concentration
"CMC"	chemistry, manufacture, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"c-Met"	a receptor tyrosine kinase that, after binding with its ligand, hepatocyte growth factor, activates a wide range of different cellular signaling pathways, including those involved in proliferation, motility, migration and invasion
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"colorectal cancer" or "CRC"	a cancer of the colon or rectum, located at the digestive tract's lower end
"combination therapy"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"CR"	complete response or complete response rate

"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CTCAE"	Common Terminology Criteria for Adverse Events, a set of criteria for the standardized classification of adverse effects of drugs used in cancer therapy produced by the US National Cancer Institute
"cytokine"	a broad and loose category of small proteins that are important in cell signalling. Their release has an effect on the behaviour of cells around them
"cytotoxic"	toxic to living cells
"disease control rate" or "DCR"	the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD) lasting at least six weeks
"dMMR"	ability of a cell in correcting mistakes made when DNA is copied in a cell Mismatch repair deficient cells usually have many DNA mutations, which may lead to cancer
"DLBCL"	diffuse large B cell lymphoma
"DLT"	dose-limiting toxicity, a specified quantity of a therapeutic agent, such as a drug or medicine, prescribed to be taken at one time or at stated intervals
"DNA"	Deoxyribonucleic acid
"DOR"	duration of response
"docetaxel"	a chemotherapy medication used to treat a number of types of cancer, including breast cancer, head and neck cancer, stomach cancer, prostate cancer and NSCLC
"eBC"	early breast cancer
"effector T-cell"	a type of cell that actively responds to a stimulus, such as co-stimulation, including CD4+, CD8+ and Treg cells

"EGFR"	epidermal growth factor receptor
"endothelial cells"	a thin layer of simple, or single-layered, squamous cells that line the interior surface of blood vessels and lymphatic vessels, forming an interface between circulating blood or lymph in the lumen and the rest of the vessel wall
"ENKTL"	extranodal NK/T-cell lymphoma
"Fc region"	fragment crystallisable region, which is the tail region of an antibody that interacts with cell surface receptors called Fc receptors and some proteins of the complement system
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment of a given type and stage of cancer. It is also called primary treatment or therapy
"Fab"	fragment antigen-binding, a region on an antibody that binds to antigens
"GBM"	glioblastoma multiforme
"GCTB"	giant-cell tumor of bone
"glioblastoma"	tumors that arise from astrocytes – the star-shaped cells that make up the "glue-like," or supportive tissue of the brain
"glycosylation"	enzymatic process that attaches glycans to proteins, or other organic molecules
"GMP"	good manufacturing practice
"Grade"	term used to refer to the severity of adverse events, using Grade 1, Grade 2, Grade 3, etc.
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver

"Head-to-head study"	a study designed to evaluate an investigational medicine compared to an existing standard of care
"HER2"	human epidermal growth factor receptor 2
"HER2+"	the over-expression or amplification of HER2 (including HER2 High, Intermediate and Low)
"HNSCC"	head and neck squamous cell carcinoma
"HR+"	hormone receptor-positive
"humanized monoclonal antibody"	antibodies made by identical immune cells that are clones of a unique parent cell from non-human species antibodies whose protein sequence have been modified to increase similarity to antibodies produced by humans
"ICI"	immune checkpoint inhibitor
"IgG4"	immunoglobulin G4
"IL-6"	IL-6 (Interleukin 6) is a soluble mediator with a pleiotropic effect on inflammation, immune response, and hematopoiesis
"immune checkpoint inhibitor(s)"	molecules that release the natural brakes of immune response
"immune response"	the body's response caused by its immune system being activated by antigens, and can include immunity to pathogenic microorganisms and its products, allergies, graft rejections, as well as autoimmunity to self-antigens
"immunogenicity"	the ability of a particular substance, such as an antigen or epitope, to provoke an immune response in the body of a human and other animal (i.e., the ability to induce humoral and/or cell-mediated immune responses)
"Immuno-oncology" or "IO"	a type of immunotherapy that is specifically targeted to fight cancer
"immunotherapy"	use of the immune system to treat disease

"in vitro"	studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"in vivo"	studies in which the effects of various biological entities are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"internalization"	a cellular process in which substances are brought into the cell
"intravenous" or "IV"	a route of administration of injecting drugs directly into a vein, the fastest way to deliver fluids and medications throughout the body
"irAEs"	immune-related AEs
"lesion"	tumors in the terminology of RECIST
"ligand"	a substance that forms a complex with a biomolecule to serve a biological purpose
"Lugano"	a lymphoma staging classification system to simplify and standardize the response assessment enabling better understanding and communication among professionals
"lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells
"MAPK"	mitogen activated protein kinase, a type of protein kinase that is specific to the amino acids serine and threonine
"mBC"	metastatic breast cancer
"mCRC"	metastatic colorectal cancer
"melanoma"	a form of skin cancer that arises when pigment-producing cells – known as melanocytes – mutate and become cancerous

"metastatic"	in reference to any disease, including cancer, disease-producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"monoclonal antibody" or "mAb"	also known as naked monoclonal antibody, in reference to antibody, is that whose specificity to antigen is singular in any of several ways: antibody that has affinity for the same antigen; antibody that is specific to one antigen or one epitope; or antibody specific to one type of cell or tissue
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MSI-H"	microsatellite instability-high, a feature of cancer's genetic coding with a high amount of instability in a tumor
"NCCR"	National Central Cancer Registry of China
"NDA"	new drug application
"Neo-adjuvant treatment"	treatment given as a first step to shrink a tumor before the main treatment, which is usually surgery, is given
"NHL"	non-Hodgkin lymphoma
"NRDL"	National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer
"nsNSCLC"	non-squamous non-small cell lung cancer
"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention
"OP"	organophosphate
"open-label"	describes clinical trials in which both the researchers and participants know which treatment is being administered, ie. not blinded
"ORR"	objective response rate

"OS" or "overall survival"	the time from randomization to death from any cause
"PCT"	the patent cooperation treaty, an international treaty administered by the World Intellectual Property Organization
"PD"	progressive disease, cancer that is growing, spreading or getting worse
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-(L)1"	PD-1 and/or PD-L1
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Phase 1 clinical trials"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase 2 clinical trials"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase 3 clinical trials"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product

"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"pivotal trial"	the final controlled trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PMBCL"	primary mediastinal B-cell lymphoma
"PMO"	postmenopausal osteoporosis
"PR"	partial response or partial response rate
"pre-clinical study(ies)"	pre-clinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"progression-free survival" or "PFS"	the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"primary endpoints"	the pre-determined main result that is measured at the end of a clinical trial to see if the given treatment works
"psoriasis"	a condition in which skin cells build up and form scales and itchy, dry patches
"psoriatic arthritis" or "PsA"	a form of arthritis that affects some people who have the skin condition psoriasis. Symptoms include joint pain, stiffness, and swelling, which may flare and subside. Many people with the condition are affected by morning stiffness. Even mild skin psoriasis can have a significant degree of arthritis

"PTCL"	peripheral T cell lymphoma
"q2w"	every two weeks
"q3w"	every three weeks
"RA"	rheumatoid arthritis, a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"RANKL"	receptor activator of nuclear factor-κB ligand
"RECIST"	Response Evaluation Criteria in Solid Tumors, a set of published rules that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment. The criteria were published in February 2000 by an international collaboration including the European Organisation for Research and Treatment of Cancer (EORTC), National Cancer Institute of the United States, and the National Cancer Institute of Canada Clinical Trials Group. Now the majority of clinical trials evaluating cancer treatments for objective response in solid tumors use RECIST. These criteria were developed and published in February 2000, and subsequently updated in 2009
"recombinant"	the formation by the processes of crossing-over and independent assortment of new combinations of genes in progeny that did not occur in the parents
"reference drug" or "reference product"	a standardized substance or approved drug which is used as a measurement base for biosimilar drug candidates
"refractory"	when used in reference to any type of cancer, cancer that does not respond to treatment. The cancer may be resistant at the beginning of treatment or it may become resistant during treatment

"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement. With respect to cancer, the likely relapse occurs because a few of the original cancer cells survived the initial treatment. Sometimes, this is because cancer cells spread to other parts of the body and were too small to be detected during the follow-up immediately after treatment
"r/r"	relapsed/refactory
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately. The management of a cancer case requires regular evaluation of treatment and adjustment as needed. A break with the primary treatment and an adoption of a new regimen signals "second-line treatment." The first-line therapy may not have worked, may have had some limited efficacy, or may have produced unacceptable side effects, damaged organs in the body, or jeopardized the patient's life. Sometimes first-line therapies show progress for a period of time followed by a stalling or continued growth of the cancer. Often the FDA, the NMPA or other drug regulatory authority will specifically approve a new drug for second-line therapy. This labeling is common for new drugs that treat cancers which already have accepted treatments
"secondary endpoint(s)"	secondary objectives that are analyzed post hoc, for a purpose other than the primary objectives of the clinical trial
"SERD"	selective estrogen receptor degrader
"serious adverse events" or "SAEs"	any untoward medical occurrence in a patient during clinical trials that results in death, is life-threatening, requires inpatient hospitalisation or prolongation of existing hospitalisation, results in persistent or significant disability/incapacity, or is a congenital anomaly/birth defect
"serum concentration"	the amount of a drug or other compound in the serum (the liquid part of the blood)

"single-arm"	describes clinical trials in which everyone enrolled in a trial receives the experimental therapy
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are sarcomas, carcinomas, and lymphomas
"stable disease" or "SD"	in oncology, it refers to cancer that is neither decreasing nor increasing in extent or severity
"standard-of-care"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals. Also called best practice, standard medical care, and standard therapy
"subcutaneous"	situated or applied under the skin
"synergistic effect"	an interaction between two or more drugs that causes the total effect of the drugs to be greater than the sum of the individual effects of each drug, which can be beneficial or harmful
"T cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"target lesion"	a lesion that has been specifically measured
"third-line" or "3L"	with respect to any disease, the therapy or therapies that are tried when the second-line treatments do not work adequately
"TKI"	tyrosine kinase inhibitors, a class of pharmaceuticals that inhibits tyrosine kinases to keep cancer cells from growing
"TNBC"	triple-negative breast cancer

"TNF-α"	a protein called tumor necrosis factor-that stimulates the inflammatory response in the body
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. Acute toxicity involves harmful effects in an organism through a single or short-term exposure. It is expressed generally as a dose response
"treatment emergent adverse events" or "TEAE"	adverse events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment
"treatment related adverse events" or "TRAE"	treatment related adverse events, which are adverse events present after medical treatment
"UC"	ulcerative colitis
"VEGF"	vascular endothelial growth factor, a gene critical for the growth and development of cancer cells. There are three main subtypes of VEGF receptors, including VEGFR-1 and VEGFR-2
"VEGF-A"	vascular endothelial growth factor A is a protein that stimulates the growth of blood vessels (this growth is referred to as angiogenesis) which in turn promotes the growth of certain solid tissues, including solid tumors

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "aim", "aspire", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. ***In any such case, the market price of our Shares could decline, and you may lose substantial or all of your investment****.*

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

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 related to our financial position and need for additional capital; (ii) risks related to clinical development of our drug candidates; (iii) risks related to obtaining regulatory approval for our drug candidates; (iv) risks related to commercialization of our drug candidates; (v) risks related to our reliance on third parties; (vi) risks related to our intellectual property; (vii) risks related to our industry, business and operations; (viii) risks related to doing business in China; and (ix) risks related to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition 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 RELATED TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We do not currently generate revenue from the commercial sales of drug products. We have incurred net losses in each period since our inception and anticipate that we will continue to incur net losses in the near future and may never achieve or maintain profitability.

We are a pre-revenue biotech company and our future profitability is dependent on the development of our pipeline products. Investment in the development of biopharmaceutical products is highly speculative as it entails substantial upfront capital expenditures and significant risks that a drug candidate may fail to demonstrate efficacy and/or safety to gain regulatory or marketing approvals or become commercially viable. To date, we have financed our activities primarily through private placements. While we have generated revenue from providing research and manufacturing services to our customers under fee-for-service

contracts, we have not generated any revenue from commercial product sales to date, and we continue to incur significant research and development expenses and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred net losses in each period since our inception. In the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, our net losses were RMB288.1 million, RMB522.7 million, RMB74.3 million and RMB142.5 million, respectively. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from administrative costs associated with our operations.

We expect to continue to incur net losses in the foreseeable future, and that these net losses will increase as we carry out certain activities relating to our development, including, but not limited to, the following:

- conducting clinical trials of our drug candidates;
- manufacturing clinical trial materials;
- seeking regulatory approvals for our drug candidates;
- commercializing our drug candidates for which we have obtained marketing approval;
- maintaining our manufacturing facilities;
- hiring additional clinical, operational, financial, quality control and scientific personnel;
- establishing a sales, marketing and commercialization team for any future products that have obtained regulatory approval;
- seeking to identify additional drug candidates;
- obtaining, maintaining, expanding and protecting our intellectual property portfolio;
- enforcing and defending any intellectual property-related claims; and
- acquiring or in-licensing other drug candidates, intellectual property and technologies.

Typically, it takes many years to develop one new drug from the time it is discovered to when it becomes available for treating patients. During the process, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend partially on the rate of the future growth of our expenses, our ability to generate revenues and the timing and amount of milestone payments and other payments that we receive from or pay to third parties.

If any of our drug candidates fails during clinical trials or does not gain regulatory approval, or, even if approved, fails to achieve market acceptance, our business may not become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity.

It may be difficult to evaluate our current business and predict our future performance.

Our operations to date have focused on organizing and staffing our operations, business planning, raising capital, establishing our intellectual property portfolio and conducting pre-clinical and clinical trials of our drug candidates. We have not yet demonstrated an ability to successfully manufacture, obtain marketing approvals for or commercialize our drug candidates. We have no products approved for commercial sale and have not generated any revenue from product sales. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history.

We are focused on the discovery and development of innovative drugs for the treatment of various immuno-oncological and immuno-inflammatory diseases. Particularly in light of the rapidly evolving drug research and development industry in which we operate and the changing regulatory and market environments we encounter, it may be difficult to evaluate our prospects for future performance. As a result, any assessment of our future performance or viability is subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by biopharmaceutical and biotechnology companies in rapidly evolving fields as we seek to transition to a company capable of supporting commercial activities. If we do not address these risks and difficulties successfully, our business will suffer.

We recorded net cash outflow from operating activities since our inception. Even if we consummate this offering, we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.

Since our inception, our operations have consumed substantial amounts of cash. We had raised over US$400 million in pre-IPO financing in the past three years. We spent RMB253.4 million, RMB110.5 million, RMB74.6 million and RMB95.3 million in net cash to finance our operations in the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, respectively.

We expect our expenses to increase significantly in connection with our ongoing activities, particularly as we advance the clinical development of our clinical-stage drug candidates, continue the research and development of our pre-clinical stage drug candidates and initiate additional clinical trials of, and seek regulatory approval for, these and other future drug candidates.

In addition, if we obtain regulatory approvals for any of our drug candidates, we expect to incur significant commercialization expenses relating to product manufacturing, marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of our future products on the market. In particular, costs that may be required for the manufacture of any drug candidate that has received regulatory approval may be substantial as we may need to modify or increase our production capacity in the future at manufacturing facilities. We may also incur expenses as we create additional infrastructure to support our operations as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts.

Intangible assets impairment could adversely affect our results of operation.

Our intangible assets primarily consist of goodwill, licenses and computer software, which accounted for approximately 1.6%, 12.9% and 14.1% of our total assets as of 31 December 2018 and 2019 and 31 March 2020, respectively. Goodwill of RMB21.8 million resulted from the acquisition of ABT in 2019. Our licenses include licenses purchased from third parties and licenses acquired as part of our acquisition of ABT. Licenses are recognized as intangible assets at historical cost and amortized using the straight-line method over their estimated useful lives, which are determined according to the authorized useful lives and the management's estimation. Our computer software increased by RMB3.3 million from RMB1.0 million as of 31 December 2018 to RMB4.3 million as of 31 December 2019 and further to RMB6.9 million as of 31 March 2020, primarily due to the upgrade of our internal information technology system. Intangible assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Licenses and computer software are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. During the Track Record Period, no impairment losses were recorded. If we need to recognize significant impairment losses on intangible assets, our results of operations will be materially and adversely affected.

Goodwill impairment could adversely affect our results of operation.

We had goodwill of RMB21.8 million as of 31 December 2019 and 31 March 2020, which resulted from the acquisition of ABT in 2019. Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. We test annually whether goodwill has suffered any impairment, in accordance with the accounting policy for intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

When applying valuation technique, we rely on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data. The basis for the key assumptions used in the impairment testing as of 31 December 2019 and 31 March 2020 include revenue, research and development expenses and discount rate. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record an impairment loss, which could in turn adversely affect our results of operations. Impairment loss could also negatively affect our financial ratios, limit our ability to obtain financing and adversely affect our financial position.

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

We may seek additional funding through a combination of equity offerings, debt financings, collaborations, licensing arrangements, strategic alliances or partnerships and government grants or subsidies. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could give rise to increased fixed payment obligations and also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, the issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline.

In the event we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party our rights to technologies or drug candidates on unfavorable terms, which we would have otherwise sought to develop or commercialize on our own or reserve for future potential arrangements when we are more likely to achieve more favorable terms.

RISKS RELATED TO CLINICAL DEVELOPMENT OF OUR DRUG CANDIDATES

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

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. While our exclusive focus is to develop drug candidates with potential to become novel or highly differentiated drugs in China and globally, we cannot guarantee that we are able to achieve this for any of our drug candidates. Failure can occur at any time during the clinical development process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and

efficacy despite having progressed through pre-clinical studies and initial clinical trials and despite the level of scientific rigor in the study, design and adequacy of execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, differences in individual patient conditions, including genetic differences, and other compounding factors, such as other medications or pre-existing medical conditions.

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 biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. We cannot guarantee that our future clinical trial results will be favorable based on currently available clinical and pre-clinical data.

We depend substantially on the success of our drug candidates, all of which are in pre-clinical or clinical development, and our ability to identify additional drug candidates. If we are unable to successfully identify new drug candidates, complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business will depend on the successful development, regulatory approval and commercialization of our drug candidates for the treatment of patients with our targeted indications, all of which are still in pre-clinical or clinical development, and other new drug candidates that we may identify and develop. As of the Latest Practicable Date, we have obtained IND approvals from the NMPA for nine of our drug candidates, namely, GB226, GB221, GB242, GB224, GB223, GB222, GB241, GB235 and GB251. However, we cannot guarantee that we are able to obtain regulatory approvals for our other existing drug candidates in a timely manner, or at all. In addition, none of our drug candidates has been approved for marketing in China or any other jurisdiction. Each of our drug candidates will require additional pre-clinical and/or clinical development, regulatory approvals in multiple jurisdictions, development of manufacturing and supply capacity, substantial investment and significant marketing efforts before we generate any revenue from product sales.

The success of our drug candidates will depend on several factors, including but not limited to the successful completion of pre-clinical and/or clinical trials or studies, receipt of regulatory approvals from applicable regulatory authorities for planned clinical trials, future clinical trials or drug registrations, maintaining adequate manufacturing capabilities and capacities, commercialization of our existing drug candidates, hiring sufficient technical experts to oversee all development and regulatory activities and license renewal and meeting of the safety requirements.

If we do not achieve one or more of these in a timely manner or at all, we could experience significant delays in our ability to obtain approval for our drug candidates, which would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations. As a result, our financial condition, results of operations and prospects will be materially and adversely harmed.

We may not be able to identify, discover or in-license new drug candidates, and may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success.

Although a substantial amount of our effort will focus on the continued clinical testing, potential approval, and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to identify, license, discover, develop, or commercialize additional drug candidates. Research programs to identify new drug candidates require substantial technical, financial, and human resources. We may focus our efforts and resources on potential programs or drug candidates that ultimately prove to be unsuccessful. Our research programs or licensing efforts may fail to identify, discover or in-license new drug candidates for clinical development and commercialization for a number of reasons, including, without limitation, the following:

- our research or business development methodology or search criteria and process may be unsuccessful in identifying potential drug candidates;

- our potential drug candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval; and

- 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 possess, thereby limiting our ability to diversify and expand our drug portfolio.

Because we have limited financial and managerial resources, we focus on research programs and drug candidates for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that later may prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the NMPA or similar regulatory authorities, or if there are delays in the enrollment of eligible patients as a result of the competitive clinical enrollment environment. The inability to enroll a sufficient number of patients who meet the applicable criteria for our clinical trials would result in significant delays. As of the date of this document, we have initiated clinical trials for six of our drug candidates in China.

In addition, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates, which may further delay our clinical trial enrollments.

Patient enrollment for our clinical trials may be affected by other factors, including but not limited to the following:

- severity of the disease under investigation;
- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- our resources to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians;
- availability of competing therapies also undergoing clinical trials;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible patients; and
- proximity and availability of clinical trial sites for prospective patients.

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

Before obtaining regulatory approval for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including, without limitation:

- regulators, institutional review boards, or IRBs, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- 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;

- manufacturing issues, including problems with manufacturing, supply quality, or compliance with good manufacturing practice, or GMP, of a drug candidate for use in a clinical trial;

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

- 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;

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

- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including a finding of a lack of clinical response or other unexpected characteristics or a finding that participants are being exposed to unacceptable health risks;

- regulators, IRBs or ethics committees may require that we or our investigators suspend or terminate clinical research or not rely on the results of 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 quantity 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 plan, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may (i) be delayed in obtaining regulatory approval for our drug candidates; (ii) obtain approval for indications that are not as broad as intended; (iii) not obtain regulatory approval at all; (iv) have the drug removed from the market after obtaining regulatory approval; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the drug is distributed or used; or (vii) be unable to obtain reimbursement for use of the drug.

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.

Our business, financial condition and results of operations may be adversely affected by the recent coronavirus outbreak.

Since the beginning of 2020, the outbreak of COVID-19 has spread across China and other countries. We maintain clinical trial sites in Wuhan, as well as laboratories, offices and clinical trial sites in other major cities in China, including Shanghai and Beijing. Consequently, we are susceptible to factors adversely affecting one or more of these locations. In response to intensifying efforts to contain the spread of the coronavirus, we temporarily closed our offices and suspended almost all business travels. We believe that our business partners, such as our CROs, CMOs, suppliers or customers, are also experiencing similar or more severe disruptions to their business operations. Any disruption of our business operations and the business operations of our business partners, suppliers or customers would likely negatively impact the development of our drug candidates, our financial condition and our operating results. In addition, a significant outbreak of contagious diseases could result in a widespread health crisis that could adversely affect China's economy and financial market. Our business activities and results of operations could be adversely affected to the extent that coronavirus or any other epidemic harms the Chinese economy in general.

RISKS RELATED TO OBTAINING REGULATORY APPROVAL FOR OUR DRUG CANDIDATES

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

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

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include: refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; voluntary or mandatory product recalls; product seizures; total or partial suspension of production or distribution; injunctions; fines; refusals of government contracts; providing restitution; undergoing disgorgement; or other civil or criminal penalties. Failure to comply with these regulations could have a material adverse effect on our business.

The regulatory approval processes of the NMPA and other comparable regulatory authorities are time-consuming and may evolve over time, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The time required to obtain the approval of the NMPA and other comparable regulatory authorities is inherently uncertain and depends on numerous factors, including the substantial discretion of the regulatory authorities. Generally, such approvals take many years to obtain following the commencement of pre-clinical studies and clinical trials, although they are typically provided within 12 to 18 months after clinical trials are completed. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. As of the date of this document, we have obtained IND approvals from the NMPA for GB226, GB221, GB242, GB224, GB223, GB222, GB241, GB235 and GB251. However, we cannot guarantee that we are able to obtain regulatory approvals for our other existing drug candidates or any drug candidates we may discover, in-license or acquire and seek to develop in the future.

Our drug candidates could fail to receive the regulatory approval of the NMPA or a comparable regulatory authority for many reasons, including, without limitation:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective and potent for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant good clinical practice ("GCP") inspections;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;
- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of a new drug application, or NDA, or other submissions or to obtain regulatory approval;
- failure of our drug candidates to pass current Good Manufacturing Practice ("cGMP"), inspections during the regulatory review process or across the production cycle of our drug;
- failure of our clinical sites to pass audits carried out by the NMPA or comparable regulatory authorities, resulting in a potential invalidation of our research data;
- findings by the NMPA or comparable regulatory authorities of deficiencies related to our manufacturing processes or the facilities of third-party manufacturers with whom we contract for clinical and commercial supplies;
- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval; and
- failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

The NMPA or a comparable regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than

we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

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

In the United States, the Federal Food, Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman," provides the opportunity for patent-term restoration, meaning a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Finally, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the United States to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. Similarly, the United States Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where the FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the FDA grants marketing approval for the innovative product.

Depending upon the timing, duration and specifics of any FDA marketing approval process for any drug candidates we may develop, one or more of our U.S. patents, if issued, may be eligible for limited patent term extension under Hatch-Waxman. Hatch-Waxman permits a patent extension term of up to five years as compensation for patent term lost during clinical trials and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Furthermore, the applicable time period or the scope of patent protection afforded could be less than we request.

In China, however, there is no currently effective law or regulation providing for patent term extension, patent linkage, or data exclusivity (referred to as regulatory data protection). Therefore, a lower-cost generic drug can emerge onto the market much more quickly. Chinese regulators have set forth a framework for integrating patent linkage and data exclusivity into the Chinese regulatory regime, as well as for establishing a pilot program for patent term extension. To be implemented, this framework will require adoption of regulations. To date, no regulations have been issued. These factors result in weaker protection for us against generic competition in China than could be available to us in the United States. For instance, the patents we have in China are not yet eligible to be extended for patent term lost during clinical trials and the regulatory review process. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

Our drug candidates may cause undesirable adverse events or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval.

Undesirable adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and may result in a more restrictive label, a delay or denial of regulatory approval by the NMPA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. In particular, as is the case with drugs treating cancers and auto-immune diseases, it is likely that there may be side effects, such as nausea, fatigue and infusion-related reactions, associated with the use of certain of our drug candidates. Results of our trials could reveal a high and unacceptable severity or prevalence of certain adverse events. In such an event, our trials could be suspended or terminated and the NMPA or other comparable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. Adverse events related to our drug candidates may affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

Additionally, if we or others identify undesirable side effects caused by those of our existing drug candidates that have received regulatory approval, or our other drug candidates after having received regulatory approval, this may lead to potentially significant negative consequences which include, but are not limited to, the following:

- we may suspend marketing of the drug candidate;
- regulatory authorities may withdraw their approvals of or revoke the licenses for the drug candidate;
- regulatory authorities may require additional warnings on the label;

- the NMPA or a comparable regulatory authority may require the establishment of a strategy that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us;

- we may be required to conduct specific post-marketing studies;

- we could be subjected to litigation proceedings and held liable for harm caused to subjects or patients; and

- our reputation may suffer.

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

Further, combination therapy, such as using our wholly-owned drug candidates as well as third-party agents, may involve unique adverse events that could be exacerbated compared with adverse events from monotherapies. Results of our trials could reveal a high and unacceptable severity or prevalence of adverse events. These types of adverse events could be caused by our drug candidates and could cause us or regulatory authorities to interrupt, delay or halt clinical trials and may result in a more restrictive indication or the delay or denial of regulatory approval by the NMPA or other comparable regulatory authority.

If we are unable to obtain the NMPA approval for our drug candidates to be eligible for an expedited registration pathway as innovative drug candidates, the time and cost we incur to obtain regulatory approvals may increase.

The NMPA has mechanisms in place for expedited review and approval for drug candidates that are innovative drug applications, provided such drug or drug candidate has a new and clearly defined structure, pharmacological property and apparent clinical value and has not been marketed anywhere in the world. However, there is no assurance that an innovative drug designation will be granted by the NMPA for any of our drug candidates. Moreover, an innovative drug designation, which is typically granted only towards the end of a drug's developmental stage, does not increase the likelihood that our drug candidates will receive regulatory approval on a fast-track basis, or at all.

Further, there have been recent regulatory initiatives in China in relation to clinical trial approvals, the evaluation and approval of certain drugs and medical devices and the simplification and acceleration of the clinical trial process.

As a result, the regulatory process in China is evolving and subject to change. Any future policies, or changes to current polices might require us to change our planned clinical study design or otherwise spend additional resources and effort to obtain approval of our drug candidates. In addition, policy changes may contain significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications, or may be

subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for our drug candidates in the PRC, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of our drug candidates or any other drug candidate that we may in-license, acquire or develop in the future.

Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.

If the NMPA or a comparable regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the drug will be subject to extensive and ongoing regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any chemistry, manufacture, and controls ("CMC"), variations, continued compliance with current cGMPs, and GCPs and potential post-approval studies for the purposes of license renewal.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, including Phase 4 studies for the surveillance and monitoring of the safety and efficacy of the drug.

In addition, once a drug is approved by the NMPA or a comparable regulatory authority for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug products, it may result in, among other things:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- refusal by the NMPA or comparable regulatory authorities to accept any of our other IND approvals, NDAs or BLAs;

- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could significantly harm our business, financial condition and prospects.

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 products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we commercialize our products. Unapproved foreign imports of prescription drugs are illegal under the current laws of China. However, illegal imports may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets (which are known as parallel imports) into higher-priced markets could harm sales of our future drug products 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 be fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system, 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 could quickly erode the demand for our future approved drug candidates.

In addition, counterfeit pharmaceutical products are not expected to meet our or our collaborators' rigorous manufacturing and testing standards. A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our 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.

Approval pathway for biosimilars in China remains fluid, which may adversely affect the regulatory approval of our biosimilars drug candidates.

The NMPA issued the Technical Guideline for the Research, Development and Evaluation of Biosimilars (Tentative) (the "Biosimilars Guideline") on February 28, 2015. The Biosimilars Guideline outlines the regulatory framework for biosimilars, aiming to move toward a clear industry structure for the development of biosimilars. The Biosimilar Guideline does not offer an alternative pathway for launching biosimilar products in China; rather, biosimilars are essentially subject to the same approval pathway as innovative biologics, only with a different set of data requirements. Applicants must mark in their IND and NDA applications that submissions are intended to be reviewed as biosimilars. In addition, various uncertainties surrounding the application and interpretation of the Biosimilars Guideline could adversely affect the regulatory approval of our existing biosimilars drug candidates, which account for one out of our three Core Products, as well as any other biosimilars we may develop in the future. Uncertainties surrounding the approval pathway for biosimilars in China include:

- the Biosimilars Guideline is a technical guidance only and cannot address several fundamental issues for the administration of biosimilars in the absence of a clear legislative authorization, e.g., the interchangeability with reference products, the naming rules and the labelling requirements for biosimilars;

- although the Biosimilars Guideline adopted a stepwise comparability approach, it does not contain sufficient details to be regarded as overarching guidelines and it is also not clear whether the NMPA will take further steps to develop product-specific guidelines and guidelines addressing issues such as immunogenicity assessment;

- while under the Biosimilars Guideline biosimilars are subject to the same approval pathway as innovative biologics with a set of different technical review criteria, it remains unclear if the time to market for biosimilars will be reduced compared with the lengthy review process for innovative biologics; and

- since changes in regulatory requirements and guidance may occur, it is unpredictable whether the NMPA and other regulatory authorities would issue updated policies or guidelines on biosimilars to replace or supplement the Biosimilars Guideline, or whether such updated policies or guidelines would bring additional compliance costs or substantial impediments for our biosimilar candidates to obtain regulatory approvals.

As such, there can be no certainty or assurance that our existing and future biosimilar drug candidates will be approved under the Biosimilars Guideline or any further updated policies or guidelines in the future, in a timely manner or at all, and we may not ultimately be able to develop and market any or all of them successfully.

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

We plan to develop certain of our drug candidates for use as a combination therapy. If the NMPA or another comparable regulatory agency revokes its approval of another therapeutic we use in combination with our drug candidates, we will not be able to market our drug candidates in combination with such revoked therapeutic. If safety or efficacy issues arise with these or other therapeutics that we seek to combine with our drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any component of our combination drug candidates or if we cannot secure supply of any component of our drug candidates at commercially reasonable or acceptable prices, we may not be able to complete clinical development of our drug candidates on our current timeline or within our current budget, or at all.

RISKS RELATED TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

The actual market size of our drug candidates might be smaller than expected and our drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Even if our drug candidates receive regulatory approval, the actual market size of our drug candidates might be lower than expected due to, among other reasons, narrow approved indications and new studies. Further, our drug candidates may fail to gain sufficient market acceptance by physicians and patients and others in the medical community. Physicians and patients may prefer other drugs or drug candidates to ours. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of our drugs or drug candidates and may not become profitable.

The degree of market acceptance of our drug candidates, if and only when they are approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals and patients considering our drug candidates as a safe and effective treatment;

- whether our drug candidates have achieved the perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or package insert requirements of the NMPA or other comparable regulatory authorities;
- limitations or warnings contained in the labeling approved by the NMPA or other comparable regulatory authorities;
- timing of market introduction of our drug candidates as well as competitive drugs;
- cost of treatment in relation to alternative treatments;
- availability of adequate coverage and reimbursement under the national and provincial reimbursement drug lists in the PRC, or from third-party payors and government authorities in any other jurisdictions;
- willingness of patients to pay any out-of-pocket expenses in the absence of coverage and reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared with alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

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

We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. We continue to face competition with respect to our current novel and biosimilar drug candidates, and will face competition with respect to any novel and biosimilar drug candidates that we may seek to develop or commercialize in the future. Our competitors include major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. We are developing our drug candidates

for the treatment of cancer and other chronic disease in competition with a number of large biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs also for the treatment of cancer and other chronic disease. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. For details, see "Business – Our Drug Pipeline" Potential competitors further include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Many of our competitors have substantially greater financial, technical, and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. As a result, these companies may obtain regulatory approval from the NMPA or other comparable regulatory authorities more rapidly than we are able to and may be more effective in selling and marketing their products as well. For example, the NMPA has recently accelerated market approval of drugs for diseases with high unmet medical need. In particular, the NMPA may review and approve drugs that have gained regulatory market approval in the United States, the European Union or Japan in the recent ten years without requiring further clinical trials in China. This may lead to potential increased competition from drugs which have already obtained approval in other jurisdictions.

Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring, or licensing on an exclusive basis, products that are more effective or less costly than any drug candidate that we may develop, or achieve earlier patent protection, regulatory approval, product commercialization, and market penetration than we do. Additionally, technologies developed by our competitors may render our potential drug candidates uneconomical or obsolete, and we may not be successful in marketing our drug candidates against competitors.

The manufacture of biopharmaceutical products is a complex process which requires significant expertise and capital investment, and if we encounter problems in establishing our manufacturing capabilities or manufacturing our future products, our business could suffer.

We have limited experience in managing the manufacturing process. Even though we have existing manufacturing infrastructure or capabilities in China, problems may arise during the manufacturing process 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 expansion of any future manufacturing facilities, including changes in manufacturing production sites and limits to manufacturing capacity due to

regulatory requirements, changes in the types of products produced, increases in the prices of raw materials, 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 future products, that batch of future products may have to be discarded and we may experience product shortages or incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before such product is released to the market, recall and product liability costs may also be incurred.

We have no experience in launching and marketing drug candidates. We may not be able to effectively build and manage our sales network, or benefit from third-party collaborators' sales network.

We currently have limited sales, marketing or commercial product distribution capabilities and have no experience in marketing drugs. We intend to expand our in-house marketing organization and sales force, which will require significant capital expenditures, management resources and time. We will have to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel.

If we are unable to adequately expand our internal sales, marketing and commercial distribution capabilities for all of the drugs we develop, we will likely pursue collaborative arrangements regarding the sales and marketing of our drugs. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or, if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend on the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We will also face competition in our search for third parties to assist us with the sales and marketing efforts of our drug candidates.

There can be no assurance that we will be able to adequately expand in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product, and as a result, we may not be able to generate product sales revenue.

Even if we are able to commercialize any approved drug candidates, reimbursement may be limited or unavailable in certain market segments for our drug candidates, and we may be subject to unfavorable pricing regulations, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial

approval is granted. As a result, we might obtain regulatory approval for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenues we are able to generate from the sale of the drug in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approval. For example, according to a statement, Opinions on Reforming the Review and Approval Process for Pharmaceutical Products and Medical Devices, issued by the PRC State Council in August 2015, the enterprises applying for new drug approval will be required to undertake that the selling price of new drug on PRC mainland market shall not be higher than the comparable market prices of the product in its country of origin or PRC's neighboring markets, as applicable.

Our ability to commercialize any drugs successfully also will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot 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. Obtaining reimbursement for our drugs may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future weakening of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable payment rates from

both government-funded and private payors for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

Current and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our drug candidates and affect the prices we may obtain.

In the United States and certain other jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our drug candidates, restrict post-approval activities and affect our ability to sell profitably any drug candidates for which we obtain marketing approval.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, became law. The ACA is a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Among the provisions of the ACA of importance to our drug candidates are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic products;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service Act's pharmaceutical pricing program;
- new requirements to report to CMS financial arrangements with physicians and teaching hospitals;
- a new requirement to annually report to the FDA drug samples that manufacturers and distributors provide to physicians; and

- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals, if any, of our drug candidates may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing conditions and other requirements.

As we out-license some of our commercialization rights and engage in other forms of collaboration worldwide, including conducting clinical trials abroad, we may be exposed to specific risks of conducting our business and operations in international markets.

Markets outside of China form an important component of our growth strategy, as we out-license some of our commercialization rights to third parties outside the PRC and plan to conduct certain of our clinical trials abroad. If we fail to obtain applicable licenses or fail to enter into strategic collaboration arrangements with third parties in these markets, or if these collaboration arrangements turn out unsuccessful, our revenue-generating growth potential will be adversely affected.

Moreover, international business relationships subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, 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 from the acquisition or development of drug candidates;

- changes in a specific country's or region's political and cultural climate or economic condition;

- differing regulatory requirements for drug approvals and marketing internationally;

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

- potentially reduced protection for intellectual property rights;

- potential third-party patent rights;

- unexpected changes in tariffs, trade barriers and regulatory requirements;

- economic weakness, including inflation or political instability;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable non-PRC tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incidental to doing business in another country;
- workforce uncertainty and labor unrest;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from an international market with low or lower prices rather than buying them locally;
- failure of our employees and contracted third parties to comply with Office of Foreign Assets Control rules and regulations and the Foreign Corrupt Practices Act of the United States, and other applicable rules and regulations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to attain or sustain revenue from international markets.

Lack of third-party combination drugs may materially and adversely affect demand for our drugs.

Our drug candidates may be administered in combination with drugs of other pharmaceutical companies as one regimen. In addition, we often use such third-party drugs in our development and clinical trials as controls for our studies. As a result, both the results of our clinical trials and the sales of our drugs may be affected by the availability of these third-party drugs. If other pharmaceutical companies discontinue these combination drugs, regimens that use these combination drugs may no longer be prescribed, and we may not be able to introduce or find an alternative drug to be used in combination with our drugs at all or in a timely manner and on a cost-effective basis. As a result, demand for our drugs may be lowered, which would in turn materially and adversely affect our business and results of operations.

RISKS RELATED TO OUR RELIANCE ON THIRD PARTIES

Our rights to develop and commercialize some of our drug candidates, including one of our Core Products, GB226, are subject to the terms and conditions of licenses and sublicenses granted to us by third parties.

We rely on licenses and sublicenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of some of our drug candidates, including one of our Core Products, GB226. However, these and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our drug products and the underlying patents may fail to provide the intended exclusivity. As a result, we may not be able to prevent competitors from developing and commercializing competitive drug products in the markets that we hope to address. In addition, our licenses may not include rights to all intellectual property relevant to our drug candidates, and as a result, we may need to obtain additional licenses from our existing licensors, which may not be available on an exclusive basis, commercially reasonable terms or at all, or expend significant time and resources to redesign our drug candidates or the methods for manufacturing them, all of which may not be feasible on a technical or commercial basis. Moreover, we do not own the underlying intellectual property related to these candidates, and as a result our rights are subject to the continuation and compliance with the terms of those agreements. If our licensors breach our license agreements, we may not be able to enforce such agreements or obtain remedies that are sufficient or adequate. If these in-licenses are terminated, competitors would have the freedom to develop, seek regulatory approval of, and to market, products identical to ours.

In addition, these license agreements may not grant us the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering our drug. Moreover, we have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights that we jointly own with certain of our licensors and sublicensors. 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 current or future licensing or collaboration partners fail to prosecute, maintain (including by failing to pay the relevant fees), enforce and defend patents licensed to us that are material to our business, the exclusivity associated with the relevant drug candidate may be reduced or eliminated, and as a result, our ability to prevent competitors from developing or commercializing the same drugs, could be adversely affected. In addition, even where we have the right to control patent prosecution and maintenance of patents and patent applications licensed to us, we may still be adversely affected or prejudiced by actions or inactions of our sublicensees, our licensors, the inventors, third-party collaborators and each of their respective counsel that took place either before or after the date upon which we assumed that control.

Pursuant to the terms of our license agreements, the licensors or collaboration partners may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to enforce or defend these patents, this will require the cooperation of our licensors or collaboration partners and any other relevant patent owners, and we cannot be certain that such cooperation will be provided to us. We also cannot be certain that our licensors or third-party collaborators will allocate sufficient resources or prioritize their enforcement of such patents or defense of such claims to protect our interests. An adverse outcome in any of these matters, regardless of whether we are a party or otherwise participating, could significantly harm our business if we are relying on the patents for exclusivity or material technology or we are subject to damages or other restrictions on our business activities.

In addition, our licensors may have relied on third party consultants or collaborators or on funds, resources or expertise from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. If other third parties have ownership rights to our in-licensed patents, they may be able to license such patents to our competitors, and our competitors could market equivalent or substantially equivalent products and technologies. In addition, if our licensors have not obtained adequate rights and licenses from these third parties, we may need to obtain additional rights from these third parties or we could be prevented from developing and commercializing the related drug candidates or face competition. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Over time, we may seek additional rights to intellectual property from our licensors and, in connection with the related negotiations, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, 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 the above-described events could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

As we rely on third parties to conduct our pre-clinical studies and clinical trials, if we lose our relationships with these third parties or if they 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 on and plan to continue to rely on third-party contract research organization ("CROs") to monitor and manage data for some of our ongoing pre-clinical and clinical programs. We rely on these parties for the execution of our pre-clinical 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 and legal, regulatory and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

We also rely on third parties to assist in conducting our pre-clinical studies in accordance with Good Laboratory Practices ("GLP"). We and our CROs are required to comply with GCP, GLP and other regulatory regulations and guidelines enforced by the NMPA and comparable foreign regulatory authorities for all of our drug candidates in clinical development. Regulatory authorities enforce these GCP, GLP or other regulatory requirements through periodic inspections of trial sponsors, investigators and trial sites. If we or any of our CROs fail to comply with applicable GCP, GLP or other regulatory requirements, the relevant data generated in our clinical trials may be deemed unreliable and the NMPA or other comparable regulatory authorities may require us to perform additional clinical studies before approving our marketing applications. There can be no assurance that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP requirements. In addition, our clinical trials must be conducted with drug candidates or products produced under cGMP requirements. Failure to comply with these regulations may require us to repeat pre-clinical and clinical trials, which would delay the regulatory approval process.

If any of our relationships with our third-party CROs is terminated, we may not be able to (i) enter into arrangements with alternative CROs or do so on commercially reasonable terms or (ii) meet our desired clinical development timelines. In addition, there is a natural transition period when a new CRO commences work, and the new CRO may not provide the same type or level of services as the original provider and data from our clinical trials may be compromised as a result. There is also a need for relevant technology to be transferred to the new CRO, which may take time and further delay our development timelines.

Except for remedies available to us under our agreements with our CROs, we cannot control whether or not our CROs devote sufficient time and resources to our ongoing clinical, nonclinical and pre-clinical programs. If our CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols, 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 and our costs could increase. In turn, our ability to generate revenues could be delayed or compromised.

Because we rely on third parties, our internal capacity to perform these functions is limited. Outsourcing these functions involves certain risks that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary information to these third parties, which could increase the risk that such information will be misappropriated. We currently have a small number of employees, which limits the internal resources we have available to identify and monitor our third-party service providers. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Though we carefully

manage our relationships with our CROs, 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 impact on our business, financial condition and prospects.

We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.

We may form or seek strategic alliances, create joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. Any of these relationships may require us to incur recurring or non-recurring expenses and other charges, increase our near and long-term expenditures, issue securities that dilute the value of our Shares, or disrupt our management and business. In addition, 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 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. If and when we collaborate with a third party for the development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to the third party.

Further, collaborations involving our drug candidates are subject to specific risks, which include, but are not limited to, the following:

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

- collaborators may not pursue the development and commercialization of our drug candidates or may elect not to continue or renew the development or commercialization programs based on clinical trial results, change 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, discontinue a clinical trial, 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 or future drugs;

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

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

- collaborators may not always be cooperative or responsive in providing their services in a clinical trial;

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

- collaborations 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 or future drugs that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

As a result, if we enter into collaboration agreements and strategic partnerships or license our drugs, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate these agreements or partnerships with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business.

Neither can we be certain that, following a strategic transaction or license, we will be able to 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, financial condition, results of operations and prospects.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

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

Our success depends in large part on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. As of the Latest Practicable Date, our owned patent portfolio consisted of 25 patents and 14 patent applications relating to certain of our drug candidates and technologies, including five Patent Cooperation Treaty ("PCT") patent applications, six PRC patent applications and three patent applications in other jurisdictions. In addition, as of the Latest Practicable Date, we in-licensed the exclusive China rights relating to 10 issued patents and nine pending patent applications and the exclusive rights relating to 15 issued patents and 38 pending patent applications in other jurisdictions. We seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in China, the United States and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we or our licensors may not be able to file and prosecute all necessary or desirable patent applications in all jurisdictions at a reasonable cost or in a timely manner. It is also possible that we or our licensors will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or drug candidates or which effectively prevent others from commercializing competitive technologies and drug candidates. The patent examination process may require us or our licensors to narrow the scope of the claims of our or our licensors' pending and future patent applications, which may limit the scope of patent protection that may be obtained. We cannot assure that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent application from being issued as a patent.

Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity, enforceability, or scope, which may result in the patent claims being narrowed or invalidated, or that we will obtain sufficient claim scope in those patents to prevent a third party from competing successfully with our drug candidates. We may become involved in interference, *inter partes* review, post grant review, *ex parte* reexamination, derivation, opposition or similar other proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such proceeding could

reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us, or result in our inability to manufacture or commercialize drug candidates without infringing third-party patent rights. Thus, even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage.

Our competitors may be able to circumvent our patents by developing similar or alternative technologies or drug candidates in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and other countries. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and drug candidates, or limit the duration of the patent protection of our technology and drug candidates. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such assets might expire before or shortly after such assets are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing drug candidates similar or identical to ours.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. Under the America Invents Act ("AIA") enacted in 2011, the United States moved to this first-to-file system in early 2013 from the previous system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

We enjoy only limited geographical protection with respect to certain patents and may not be able to protect our intellectual property rights throughout the world, including in the PRC.

Filing and prosecuting patent applications and defending patents covering our drug candidates in all countries throughout the world could be prohibitively expensive. Competitors may use our and our licensors' technologies in jurisdictions where we have not obtained patent protection to develop their own drug candidates and, further, may export otherwise infringing drug candidates to territories, including the PRC, where we and our licensors have patent protection, but enforcement rights are not as strong as that in the United States or Europe. These drug candidates may compete with our drug candidates, and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The laws of some jurisdictions, including the PRC, do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing drug candidates in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our drug candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In those countries, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

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 and annuity fees on any issued patent are due to be paid to the United States Patent and Trademark Office ("USPTO") and foreign patent agencies over the lifetime of a patent. In addition, the USPTO and other foreign patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent failure to make payment of such fees or to comply with such provisions 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 such non-compliance will result in the abandonment or lapse of the patent or patent application,

and the 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, and non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our licensors fail to maintain the patents and patent applications covering our drug candidates or if we or our licensors otherwise allow our patents or patent applications to be abandoned or lapse, our competitors might be able to enter the market, which would hurt our competitive position and could impair our ability to successfully commercialize our drug candidates in any indication for which they are approved.

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

We or our licensors 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 as an inventor or co-inventor. If we or our licensors are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights 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 licensors 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 licensors 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 modify or 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.

Claims that our drug candidates or the sale or use of our future products infringe, misappropriate or otherwise violate the patents 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.

We cannot guarantee that our drug candidates or the sale or use of our future products do not and will not in the future infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or with respect to the use or manufacture of the compounds we have developed or are developing. Litigation relating to patents and other intellectual property rights in the biopharmaceutical and pharmaceutical industries is common, including patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. Some claimants may have substantially greater resources than we have and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. 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.

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. Publication of discoveries in the scientific or patent literature 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 a competing application and may not be approved in the end. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

If a third party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing a third party's patent rights. These

damages potentially include increased damages and attorneys' fees if we are found to have infringed such rights willfully. 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 drug candidate, or be forced, by court order or otherwise, to modify or 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.

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. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

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

Despite measures we take to obtain and maintain patent and other intellectual property rights with respect to our drug candidates, our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, SIPO, or the applicable foreign counterpart, or made a misleading statement, during prosecution. Although we believe that we have conducted our patent prosecution in accordance with a duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a drug candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. In addition, if the breadth or strength of protection provided by our patents is

threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future drug candidates. Any loss of patent protection could have a material adverse impact on one or more of our drug candidates and our business.

Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages, cease the sale of certain drugs or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all).

Intellectual property litigation may lead to unfavorable publicity which may harm our reputation and cause the market price of our Shares to decline, and any unfavorable outcome from such litigation could limit our research and development activities and/or our ability to commercialize our drug candidates.

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

In the event of intellectual property litigation, there can be no assurance that we would prevail, even if the case against us is weak or flawed. If third parties successfully assert their intellectual property rights against us, prohibitions against using certain technologies, or prohibitions against commercializing our drug candidates, 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 the patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. Additionally, we may be required to obtain a license from the intellectual property owner in order to continue our research and development programs or to commercialize any resulting product. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. This may not be technically or commercially feasible, may render our products less competitive, or may delay or prevent the launch of our products to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more drug candidates, or both.

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.

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

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patent rights. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity, and is therefore costly, time-consuming, and inherently uncertain. In addition, the United States has recently enacted and is implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. For example, in a recent case, *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, the U.S. Supreme Court held that certain claims to naturally-occurring substances are not patentable. Although we do not believe that our currently issued patents and any patents that may issue from our pending patent applications directed to our drug candidates if issued in their currently pending forms, as well as patent rights licensed by us, will be found invalid based on this decision, we cannot predict how future decisions by the courts, the U.S. Congress or the USPTO may impact the value of our patent rights. 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.

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

In addition to our issued patents and pending patent applications, we rely on trade secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect this trade secret and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisers and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade

secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, consultants, and advisers, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisers, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. For example, our Executive Director and Chief Executive Officer was recently alleged by a former employer (a China-based pharmaceutical company) to have used or disclosed proprietary information in breach of non-disclosure obligations to advance the clinical development of one of our drug candidates, GB491 (CDK4/6 inhibitor) that we in-licensed from G1 Therapeutics in June 2020. Even though we believe that such allegations are unfounded and without merit, we cannot rule out the possibility that litigation might be necessary to defend against. Although we are currently not aware of any other material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and can adversely affect our reputation. In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, and furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs, be a distraction to our management and scientific personnel and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.

Because our programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party

intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

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

We rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of our drug candidates. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our drug products. 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.

We may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the drug candidates that we license from third parties. Moreover, we have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights that we jointly own with certain of our licensors and sub-licensors. 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 licensors fail to prosecute, maintain, enforce and defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize any of our drugs that are subject of such licensed rights could be adversely affected.

Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to pursue the enforcement or defense of our licensed patents, we will require the cooperation of our licensors and any applicable patent owners and such cooperation may not be provided to us. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property

that we may need to operate our business. If we lose any of our licensed intellectual property, our right to develop and commercialize any of our drug candidates that are subject of such licensed rights could be adversely affected.

In addition, our licensors may have relied on third party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents 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 licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize drug products covered by these license agreements. If such licenses are terminated, we may be required seek alternative in-license arrangements, which may not be available on commercially reasonable terms or at all, or may be non-exclusive. If these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, we may need to modify or cease the development, manufacture, and commercialization of one or more of our drug candidates and 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 licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, 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 license rights with respect to GB224 may not be valid.

We co-developed GB224 in China through our collaboration with the licensor, pursuant to the license and collaboration agreement (the "GB224 License"), dated 18 April 2013, between the licensor and us. The licensor sub-licensed to us the rights to keep, make, have made, import, use, sell, and offer for sale of GB224 or any other pharmaceutical product or formulation that incorporates the antibodies and any associated intellectual property rights exclusively licensed by it from arGEN-X B.V., or arGEN-X, under the research and exclusive license agreement (the "arGEN-X License"), dated 1 October 2012, between arGEN-X and the licensor. In January 2018, the licensor terminated the arGEN-X License and the GB224 License. However, both the arGEN-X License and GB224 License provided that the sub-license granted to us survive such termination, with arGEN-X as our direct licensor, so we continued to develop GB224 in China after the termination of these two agreements. However, we cannot guarantee that our license rights with respect to GB224 are without defect and are valid under applicable intellectual property laws and regulations. If our license rights were not valid, we would lose our ability to develop and commercialize GB224 and other drug products covered by the GB224 License, and would need to modify or cease the development, manufacture, and commercialization of GB224 and such other drug candidate and competitors would have the freedom to seek regulatory approval of, and to market, products identical to

ours. In addition, in the event that the survival clauses in the arGEN-X License and GB224 License are interpreted to not fully afford us the license rights that we currently enjoy, or at all, arGEN-X might assert claims of intellectual property infringement against us with respect to our development of GB224 after the termination of the arGEN-X License and the GB224 License. If a court of competent jurisdiction holds that arGEN-X's patents are valid, enforceable and infringed, and arGEN-X may be able to block our ability to commercialize GB224 unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable.

We and arGEN-X are currently negotiating a definitive agreement to document our license rights in place of the now-terminated arGEN-X License and GB224 License. We may have to agree to terms that may be more favorable to the arGEN-X, 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 the now-terminated GB224 License. Despite our best efforts, we may not be able to enter into a definitive agreement with arGEN-X and may be required seek alternative in-license arrangements, which may not be available on commercially reasonable terms or at all, or may be non-exclusive. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay monetary damages or could lose license rights that are important to our business.

Our business relies on our ability to develop and commercialize drug candidates we have licensed from third parties, and we have entered into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents and patent applications. Our licenses may not encumber all intellectual property rights owned or controlled by the affiliates of our licensors and relevant to our drug candidates, and we may need to obtain additional licenses from our existing licensors and others to advance our research or allow commercialization of drug candidates we may develop. In such case, we may need to obtain additional licenses which may not be available on an exclusive basis, on commercially reasonable terms or at a reasonable cost, 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.

In addition, if our licensors breach the license agreements, we may not be able to enforce such agreements against our licensors' parent entity or affiliates. Under each of our license and intellectual property-related agreements, in exchange for licensing or sublicensing us the right to develop and commercialize the applicable drug candidates, our licensors will be eligible to receive from us milestone payments, tiered royalties from commercial sales of such drug

candidates, assuming relevant approvals from government authorities are obtained, or other payments. Our license and intellectual property-related agreements also require us to comply with other obligations including development and diligence obligations, providing certain information regarding our activities with respect to such drug candidates and/or maintaining the confidentiality of information we receive from our licensors.

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 and, upon the effective date of such termination, have the right to re-obtain the licensed and sub-licensed technology and intellectual property. If any of our licensors terminate any of our licenses, we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements and other third parties may be able to market drug candidates similar or identical to ours. In such case, we may have to negotiate new or reinstated agreements with less favorable terms, and may be required to provide a grant back license to the licensors under our own intellectual property with respect to the terminated products. We may also face claims for monetary damages or other penalties under these agreements. While we would expect to exercise all rights and remedies available to us, including seeking to cure any breach by us, and otherwise seek to preserve our rights under the intellectual property rights licensed and sublicensed to us, we may not be able to do so in a timely manner, at an acceptable cost or at all. In particular, some of the milestone payments are payable upon our drug candidates reaching development milestones before we have commercialized, or received any revenue from, sales of such drug candidate, and we cannot guarantee that we will have sufficient resources to make such milestone payments. Any uncured, material breach under the license agreements could result in our loss of exclusive rights and may lead to a complete termination of our rights to the applicable drug candidate. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. Certain of our license agreements also require us to meet development thresholds to maintain the license, including establishing a set timeline for developing and commercializing products. 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 licensor 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 licensors 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 third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could 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.

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 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 patents applied for not being issued or being invalidated after issuing;

- we might not have been the first to file patent applications covering certain of our inventions, which could result in the patents applied for not being issued or being invalidated after issuing;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;

- it is possible that our 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 or other third parties;

- we may obtain patents for certain compounds many years before we receive regulatory approval for drugs containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related drugs, the commercial value of our patents may be limited;

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

- we may fail to develop additional proprietary technologies that are patentable;

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

- third parties may gain unauthorized access to our intellectual property due to potential lapses in our information systems; and

- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing 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 and future prospects.

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

We own registered trademarks and are currently registering trademarks. We may not be able to obtain trademark protection in territories that we consider of significant importance to us. In addition, any of our trademarks or trade names, whether registered or unregistered, may be challenged, opposed, infringed, cancelled, circumvented or declared generic, or determined to be infringing on other marks, as applicable. We may not be able to protect our rights to these trademarks and trade names, which we will need to build name recognition by potential collaborators or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

Terms of our future patents may not be sufficient to effectively protect our drug candidates and business.

In many countries where we file applications for patents, the term of an issued patent is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. Although various extensions may be available, the life of a patent and the protection it affords are limited. Even if we obtain patents covering our drug candidates, we may still be open to competition from other companies, as well as generic medications once the patent life has expired for a drug. While there are patent regulations in the PRC in respect of regulatory data protection of new drugs containing new chemical components, there are currently no other clear mechanisms providing patent term extension or patent linkages for other drugs in the PRC. Therefore, it is possible that a lower-cost generic drug can emerge onto the market much more quickly. PRC regulators have set out a framework for integrating patent linkage and data exclusivity into the PRC regulatory regime, as well as for establishing a pilot program for patent term extension. This framework will require adoption of regulations to be implemented, although no such regulations have been issued to date. These factors may result in weaker protection for us against generic competition in the PRC than could be available to us in other jurisdictions, such as the United States. In addition, patents which we expect to obtain in the PRC may not be eligible to be extended for patent terms lost during clinical trials and the regulatory review process.

If we are unable to obtain patent term extensions or if such extensions are less than requested for, our competitors may obtain approval of competing products following our patent expirations and our business, financial condition, results of operations and prospects could be materially harmed as a result.

If we do not obtain additional protection under the Hatch-Waxman Amendments and similar legislation in other countries extending the terms of our patents, if issued, relating to our drug candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA regulatory approval for our drug candidates, one or more of our U.S. patents, if issued, may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Amendments"). The Hatch-Waxman Amendments permit a patent term extension of up to five years as compensation for patent term lost during drug development and the FDA regulatory review process. Patent term extensions, however, cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval by the FDA, and only one patent can be extended for a particular drug.

The application for patent term extension is subject to approval by the USPTO, in conjunction with the FDA. We may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension for a given patent or the term of any such extension is less than we

request, the period during which we will have the right to exclusively market our drug will be shortened and our competitors may obtain earlier approval of competing drugs, and our ability to generate revenues could be materially adversely affected.

RISKS RELATED TO OUR INDUSTRY, BUSINESS AND OPERATIONS

Our future success depends on our ability to attract, retain and motivate senior management and qualified scientific employees.

We are highly dependent on the expertise of the members of our research and development team, as well as the contributions of the principal members of our management, many of whom have been instrumental for us and have substantial experience with our business and operations. Some members of our senior management joined us within the past year. While these members may need time to fully integrate into their managerial roles in our Company and carry out their visions for our long-term growth, we cannot assure you that the integration will be successful . We have entered into employment agreements with our executive officers, but each of them may terminate their employment with us with prior written notice. In addition, we currently do not have "key-man" insurance for any of our executive officers or other key personnel.

Recruiting, retaining and motivating qualified management, scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Further, replacing executive officers and key employees 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 drugs. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous biopharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, our management will be required to devote significant time to new compliance initiatives from our status as a public company, which may require us to recruit more management personnel.

We will need to increase the size and capabilities of our organization, and we may experience difficulties in managing our growth.

We expect to experience significant growth in the number of our employees and consultants and the scope of our operations, particularly in the areas of clinical development, regulatory affairs and business development. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources, we may not be able to effectively manage the expansion of our

operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations, and have a material adverse effect on our business.

The data and information that we gather in our research and development process could be inaccurate or incomplete, which could harm our business, reputation, financial condition and results of operations.

We collect, aggregate, process, and analyze data and information from our pre-clinical studies, manufacturing technology development programs and clinical programs. We also engage in substantial information gathering following the identification of a promising drug candidate. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data collected or accessed in the healthcare industry is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and we often discover data issues and errors when monitoring and auditing the quality of our data. If we make mistakes in the capture, input, or analysis of these data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer.

We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our products under development, for which we manage and submit data to governmental entities. These processes and submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data, in which case we may be exposed to liability to a customer, court or government agency that concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous. Although we maintain insurance coverage for clinical trials, this coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. Even unsuccessful claims could result in substantial costs and diversion of management time, attention, and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In addition, we rely on CROs, our partners and other third parties to monitor and manage data for some of our ongoing pre-clinical and clinical programs and control only certain aspects of their activities. If any of our CROs, our partners or other third parties does not perform to our standards in terms of data accuracy or completeness, data from those pre-clinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For a detailed discussion, see "– Risks Related to Our Reliance on Third Parties – As we rely on third parties to conduct our pre-clinical studies and

clinical trials, if we lose our relationships with these third parties or if they 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" above.

We may be subject to liability lawsuits arising from our clinical trials.

We currently carry liability insurance covering our clinical trials. Although 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 which is in excess of the limits of our insurance coverage. Our insurance policies also contain various exclusions, and we may be subject to particular liability claims for which we have no coverage. We will have to pay any amount 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. In addition, if we cannot successfully defend ourselves against such claims, we may incur substantial liabilities and be required to suspend or delay our ongoing clinical trials. Even a successful defense would require significant financial and management resources.

Regardless of the merits or eventual outcome, liability claims may result in significant negative consequences to our business and prospects, including, but not limited to:

- decreased demand for our drug candidates or any resulting products;
- injury to our reputation;
- withdrawal of other clinical trial participants;
- costs to defend the related litigation;
- a diversion of our management's time and resources;
- substantial monetary awards to trial participants or patients;
- inability to commercialize our drug candidates; and
- a decline in the market price of our Shares.

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

We face an inherent risk of product liability exposure related to the testing of our drug candidates in human clinical trials and will face an even greater risk if we or a collaborator of ours commercializes any resulting products. Product liability claims may be brought against us by subjects enrolled in our clinical trials, patients, healthcare providers or others using,

administering or selling our drug candidates. If we cannot successfully defend ourselves against claims that our drug candidates that we may develop caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any drug candidates or products that we may develop;
- termination of clinical trial sites or entire trial programs;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial subjects or patients;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize any products that we may develop.

Our clinical trial liability insurance coverage may not adequately cover all liabilities that we may incur. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. Inability to obtain product liability insurance at an acceptable cost or to otherwise protect against potential product liability claims could prevent or delay the commercialization of any products or drug candidates that we develop. We intend to expand our insurance coverage for products to include the sale of commercial products if we obtain marketing approval for our drug candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. If we are sued for any injury caused by our drug candidates or processes, our liability could exceed our product liability insurance coverage and our total assets. Claims against us, regardless of their merit or eventual outcome, may also generate negative publicity or hurt our ability to obtain physician endorsement of our drug candidates or expand our business.

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 insurance based on our assessment of our operational needs and industry practice. We also maintain liability insurance covering our clinical trials. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key-man insurance. Our 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.

We incurred net current liabilities as of 31 December 2019 and 30 April 2020 and may continue to incur net current liabilities in the future, which can expose us to liquidity risk.

We incurred net current liabilities as of 31 December 2019 and 30 April 2020. Net current liabilities (or deficiency in current assets) position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests, or to seek debt financing, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

In addition, there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes or the trade related disputes between the United States and China. In addition, the U.K. held a referendum on June 23, 2016 on its membership in the European Union, in which a majority of voters in the U.K. voted to exit the European Union (commonly referred to as "Brexit"). The U.K.'s departure from the European Union remains uncertain. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of fraud, misconduct or other illegal activities by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to:

- comply with the laws of the NMPA and other comparable regulatory authorities;
- provide true, complete and accurate information to the NMPA and other comparable regulatory authorities;
- comply with manufacturing standards we have established;
- comply with healthcare fraud and abuse laws in the PRC and similar fraudulent misconduct laws in other applicable jurisdictions; or
- report financial information or data accurately or to disclose unauthorized activities to us.

If we obtain approval of any of our drug candidates and begin commercializing those drugs in the PRC or other applicable jurisdictions, our potential exposure under the laws of such jurisdictions will increase significantly and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as future sales, marketing and education programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed 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, structuring and commission(s), certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation.

It is not always possible to identify and deter misconduct by employees and other parties, 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 comply with these 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 significant fines or other sanctions.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute the value of your investment in our Shares, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including, but not limited to:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the assimilation of operations, corporate culture and personnel of the acquired business;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and its existing drugs or drug candidates and regulatory approvals;
- 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; and
- changes in accounting principles relating to recognition and measurement of our investments that may have a significant impact on our financial results.

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. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

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 prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. In addition, although currently our primary operating business is in China, we are subject to the Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. 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 prevent our agents, employees and intermediaries from engaging in bribery activities. 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 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.

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

A number of governmental agencies or industry regulatory bodies in the PRC and other applicable jurisdictions impose strict rules, regulations and industry standards governing biopharmaceutical research and development activities, which apply to us. Our or our CROs' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our business, reputation, prospects for future work and results of operations. For example, if we or our CROs were to treat research animals inhumanely or in violation of international standards set out by the Association for Assessment and Accreditation of Laboratory Animal Care, it could revoke any such accreditation and the accuracy of our animal research data could be questioned.

If we or our CROs or other contractors or consultants fail to comply with environmental, health and safety laws and regulations, 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 and third parties, such as our CROs or other contractors or consultants, are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials,

including chemicals and radioactive and biological materials. Our operations also produce hazardous waste products. We transfer our waste products to waste disposal facilities to be treated before being discharging into the city sewer system. 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.

We do not 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, nor do we maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological, hazardous or radioactive materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

If we face allegations of non-compliance with laws and encounter sanctions, our reputation, revenues and liquidity may suffer, and our drug candidates and future drugs could be subject to restrictions or withdrawal from the market.

Any government investigation of alleged violations of laws could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenues from our drugs. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected. Additionally, if we are unable to generate revenues from our product sales, our potential for achieving profitability will be diminished and the capital necessary to fund our operations will be increased.

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

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. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we partially rely on our third-party research institution collaborators for research and development of our drug candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business.

To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our drug candidates could be delayed.

Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity. Compliance or the failure to comply with such laws could increase the costs of our products and services, could limit their use or adoption, and could otherwise negatively affect our operating results and business.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Regulatory authorities in virtually every jurisdiction in which we operate have implemented and are considering a number of legislative and regulatory proposals concerning personal data protection.

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, China's Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators," which may include all organizations in China that provide services over the internet or another information network. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law. Drafts of some of these measures have now been published, including the draft rules on cross-border transfers published by the China Cyberspace Administration in 2017, which may, upon enactment, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China. For example, the PRC State Council promulgated Regulations on the Administration of Human Genetic Resources (effective in July 2019), which require approval from the Science and Technology Administration Department of the State Council where human genetic resources, or HGR, are involved in any international collaborative project and additional approval for any export or cross-border transfer of the HGR samples or associated data. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux.

In the United States, we are subject to laws and regulations that address privacy, personal information protection and data security at both the federal and state levels. Numerous laws and regulations, including security breach notification laws, health information privacy laws, and consumer protection laws, govern the collection, use, disclosure and protection of

health-related and other personal information. Given the variability and evolving state of these laws, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by regulators or courts in their interpretation.

We expect that we will continue to face uncertainty as to whether our efforts to comply with evolving obligations under global data protection, privacy and security laws will be sufficient. Any failure or perceived failure by us to comply with applicable laws and regulations could result in reputational damage or proceedings or actions against us by governmental entities, individuals or others. These proceedings or actions could subject us to significant civil or criminal penalties and negative publicity, result in the delayed or halted transfer or confiscation of certain personal information, require us to change our business practices, increase our costs and materially harm our business, prospects, financial condition and results of operations. In addition, our current and future relationships with customers, vendors, pharmaceutical partners and other third parties could be negatively affected by any proceedings or actions against us or current or future data protection obligations imposed on them under applicable law, including the GDPR. In addition, a data breach affecting personal information, including health information, could result in significant legal and financial exposure and reputational damage that could potentially have an adverse effect on our business.

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

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, environmental accidents, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or may be susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Our business could also be materially and adversely affected by the outbreak of H7N9 bird flu, H1N1 swine influenza, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, COVID-19 or another epidemic. Any such occurrence in China could subject our employees to extended quarantines, postponing research milestones and therefore severely disrupt our business operations and adversely affect our results of operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Negative publicity with respect to us, our management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business, results of operations and prospect.

Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Any negative publicity concerning us, our affiliates or any entity that shares the "Genor" name, such as alleged misconduct or improper activities, even if untrue, could adversely affect our reputation and business prospects. There can be no assurance that negative publicity about us or any of our affiliates or any entity that shares the "Genor" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. Negative rumors relating to us, our management, employees, business partners or affiliates, can harm our business and results of operations, even if they are unsubstantiated or are satisfactorily addressed.

Moreover, any negative media publicity about the biopharmaceutical industry in general or product or service quality problems of other companies in the industry, including our peers, may also negatively impact our reputation. If we are unable to maintain a good reputation, our ability to attract and retain key employees and business partners could be harmed which in turn may materially and adversely affect our business, results of operations and prospect.

We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

RISKS RELATED TO DOING BUSINESS IN CHINA

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

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

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.

A significant portion of our operations are in China. Our financial condition and results of operations are affected to a large extent by economic, political and legal developments in China.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industrial development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past four decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. Our business, financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

In addition, the PRC government had, in the past, 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 operations. 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.

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

Our primary business is governed by PRC laws and regulations. Our primary business operation is supervised by relevant regulatory authorities in China. The PRC legal system is a civil law system based on written statutes and, unlike the common law system, prior court decisions can only be cited as reference and have limited precedential value. 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, and which may have a retroactive effect. Hence, we may not be aware of violation of these policies and rules until after such violation has occurred. Further, the legal protections available to us and our investors under these laws, rules and regulations may be limited.

In addition, any administrative or court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more

developed legal systems. These uncertainties may impede our ability to enforce various contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the PRC State Council promulgated the Measures for the Management of Scientific Data, or the Scientific Data Measures, which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded, at least in part, by the PRC 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. Currently, as the term "state secret" is not clearly defined, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad, or to our foreign partners in China.

If we are unable to obtain the necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If 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 specific administrative penalties imposed by those government authorities.

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

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

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this Circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

The tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ordinary shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% in the case of non-PRC individuals (which in the case of dividends may be withheld at source) unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ordinary shares.

Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices and laboratories. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

We have not registered certain of our lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

We have granted, and may continue to grant, options and other types of awards under our employee option plan, which may result in increased share-based compensation expenses and give rise to any potential employment related disputes.

We have adopted an employee option plan for the purpose of granting share-based compensation awards to senior management including executive directors and key employees to incentivize their performance and align their interests with ours. We recognize expenses in our consolidated financial statements in accordance with HKFRS. As of the date of this document, options to purchase a total of 74,154,067 ordinary shares have been granted and outstanding under this employee option plan. See "Directors and Senior Management – Share Option Scheme."

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other

key terms applicable to the grants under our currently effective share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following this offering.

In addition, we have from time to time been involved in disputes or legal proceedings with our employees or former employees on employment related matters (including disputes on the entitlement of options, awards and other share-based compensation or in connection with the employees incentive or compensation arrangements). There can be no assurance that we will prevail in any of these disputes or legal proceedings, and in any event defending against these disputes or legal proceedings could cause us to incur legal and other costs. Any adverse outcome of these disputes or legal proceedings could have a material adverse effect on our reputation, business and results of operations.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of RMB to the U.S. dollar, and RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between RMB and the U.S. dollar remained within a narrow band. Since June 2010, RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, RMB is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, RMB has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. This depreciation halted in 2017, and RMB appreciated approximately 7% against the U.S. dollar during this one-year period. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

Significant revaluation of RMB may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into RMB for our operations, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency.

In addition, the PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiary to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than RMB owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than RMB. In light of the flood of capital outflows of China, the PRC government may from time to time impose more restrictive foreign exchange policies and step up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process may be required by SAFE or other government authorities to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the Ministry of Commerce, or MOFCOM, be notified in advance of any change of control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that impact or may impact national

economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of National People's Congress which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by State Administration for Market Regulation (the "SAMR"), the successive authority of MOFCOM, before they can be completed. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors, or the Security Review Rules, issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to such security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially adversely affected.

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 Cayman Islands holding company 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 and 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 their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries, each of which is a wholly foreign-owned enterprise may pay dividends only out of its respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its 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. At its discretion, a wholly

foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to a staff welfare and bonus fund. The reserve fund and staff welfare and bonus fund cannot be distributed to us as dividends.

Our PRC subsidiaries generate primarily all of their revenue in RMB, which is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their RMB revenues to pay dividends to us.

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

In addition, the PRC Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents. If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries.

In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, effective June 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

We are committed to complying with and to ensuring that our Shareholders who are subject to SAFE Circular 37 will comply with the relevant SAFE rules; however, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registrations might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be fully aware or informed of the identities of our beneficiaries who are PRC residents, and may not be able to compel them to comply with all requirements under SAFE Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits could be materially and adversely affected.

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

We and our directors, executive officers and other employees who are PRC citizens or who have resided in China for a continuous period of not less than one year and who will be granted restricted shares or options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any share incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to make payments under our equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional

capital into our wholly foreign-owned enterprises in China and limit our wholly foreign-owned enterprises' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law.

In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in China who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold applicable income taxes, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

We may be subject to additional payments to statutory social welfare contribution for our employees.

Pursuant to PRC laws and regulations, we are required to participate in the employee social welfare schemes that are administered by municipal and provincial governments. Such schemes consist of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds. As required by PRC laws and regulations, the employer should pay the amount required to contribute for each of our employees directly to the relevant local authorities. During the Track Record Period, we have engaged a third party human resources company to pay, on behalf of the Company, the relevant contribution for certain offsite employees. As a result, we may be required by competent authorities to rectify the non-compliance and could be subject to a fine or penalty. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us with respect to this non-compliance incident. We cannot assure you that we will not be subject to any penalty, or order to rectify non-compliance in the future. We may incur additional expenses to comply with such laws and regulations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation on the available loan amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign-invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign-invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

On February 3, 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax and Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Bulletin 7. Pursuant to this Bulletin, an "indirect transfer" of "PRC taxable assets," including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Bulletin 37, which came into effect on December 1, 2017. Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors are not subject to the PRC enterprise income tax pursuant to Bulletin 7 where such shares were acquired in a transaction through a public stock exchange. However, the sale of ordinary shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under Bulletin 7.

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

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7/Bulletin 37, our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

Recent litigation and negative publicity surrounding China-based companies listed in Hong Kong may result in increased regulatory scrutiny of us and negatively impact the trading price of the Shares and could have a material adverse effect upon our business, including our results of operations, financial condition, cashflows and prospects.

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in Hong Kong have negatively impacted stock prices for such companies. Various equity-based research organizations have published reports on China-based companies after examining, among other things, their corporate governance practices, related party transactions, sales practices and financial statements that have led to special investigations and stock suspensions on national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could result in a diversion of management resources and energy, potential costs to defend ourselves against rumors, decreases and volatility in the Share trading price, and increased directors and officers insurance premiums and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.

RISKS RELATED TO THE GLOBAL OFFERING

No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price and trading volume of our Shares may decline or became volatile, which could lead to substantial losses to investors.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock

Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price or trading volume of the Shares will not decline following the Global Offering.

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

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

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

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

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

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

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

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

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

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

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

We are an exempted company incorporated in the Cayman Islands and, because judicial precedent regarding the rights of shareholders is comparatively limited under the laws of the Cayman Islands, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles, the Cayman Companies Law and the 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 "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III.

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

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

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

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

Subsequent to the date of this document but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment 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, the Global Offering and any formal announcements made by us in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in the Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. The Group's management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of the Group are primarily based in the PRC. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of the Company and the Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. CHEN Yu, non-executive Director, and Ms. SIU Wing Kit, Company Secretary, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of our authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

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

(c) although our executive Directors and non-executive Directors are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

(d) we have appointed Guotai Junan Capital Limited as our compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and

(e) we have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

WAIVER IN RELATION TO THE AVAILABILITY OF COPIES OF THE PROSPECTUS IN PRINTED FORM

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Company will adopt additional communication measures as we consider appropriate to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including publishing on the website of our Company and a formal notice in both English and Chinese-language newspaper the available channels for share subscription of the Hong Kong Offer Shares. Our Company has applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Public Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the White Form eIPO Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; (iii) the enhanced support provided by our Hong Kong Share Registrar and White Form eIPO Service Provider in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity); and (iv) issuing a press release to remind investors that no printed prospectuses or application forms will be provided.

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

Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, requires the Company to disclose, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given (the "**Share Option Disclosure Requirements**").

As of the Latest Practicable Date, our Company had granted options under the Pre-IPO Share Option Plan to 194 grantees, including 8 Directors or senior management of the Company, 4 grantees that are beneficially interested in 500,000 option or above and 182 current and former employees of our Group, to subscribe for an aggregate of 45,617,544 Shares, representing 9.48% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Plan are not exercised) on the terms set out in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV.

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 194 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-IPO Share Option Plan in the prospectus would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and printing;

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

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

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

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange has agreed to grant to our Company a waiver under the Listing Rules on condition that:

(a) on an individual basis, full details of the options granted under the Pre-IPO Share Option Plan to each of the Directors, the senior management of the Company and grantees that are beneficially interested in 500,000 options or above will be disclosed in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted under the Pre-IPO Share Option Plan to remaining grantees (being the other grantees who are not Directors, the senior management of the Company or grantees that are beneficially interested in 500,000 options or above), disclosure will be made, on an aggregate basis, of (1) their aggregate number of grantees and number of Shares underlying the options under the Pre-IPO Share Option Plan, (2) the consideration paid (if any) for the grant of the options under the Pre-IPO Share Option Plan and (3) the exercise period and the exercise price of the options granted under the Pre-IPO Share Option Plan;

(c) aggregate number of Shares underlying the options granted under the Pre-IPO Share Option Plan and the percentage to the Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the Pre-IPO Share Option Plan will be disclosed in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV;

(e) a summary of the major terms of the Pre-IPO Share Option Plan will be disclosed in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV;

(f) the particulars of the waiver will be disclosed in this prospectus;

(g) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V; and

(h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on condition that:

(a) on an individual basis, full details of the options under the Pre-IPO Share Option Plan granted to each of our Directors, the senior management of the Company and grantees that are beneficially interested in 500,000 options or above will be disclosed in "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted by the Company under the Pre-IPO Share Option Plan for the remaining grantees (being the other grantees who are not Directors, the senior management of the Company or grantees that are beneficially interested in 500,000 options or above), disclosure will be made of, on an aggregate basis, (1) their aggregate number of grantees and the number of Shares underlying the options under the Pre-IPO Share Option Plan, (2) the consideration (if any) paid for the grant of the options under the Pre-IPO Share Option Plan and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Plan;

(c) a list of all the grantees (including those persons whose details have already been disclosed in this prospectus) who have been granted the options under the Pre-IPO Share Option Plan, containing all the particulars as required in paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V; and

(d) the particulars of the exemption will be disclosed in this prospectus, and the prospectus will be issued on or before 23 September 2020.

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

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

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in the prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the Company during each of the three financial years immediately preceding the issue of the prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

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

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

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

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

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

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

(b) as at the Latest Practicable Date, we had not commercialized any products and therefore did not generate any revenue from product sales. The details of our major activities have been fully disclosed in the section headed "Business", and major financing activities conducted by the Company since its incorporation includes its Pre-IPO Investments, the details of which have been fully disclosed in the section headed "History, Development and Corporate Structure";

(c) the Accountant's Report for each of the two financial years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in this prospectus are only for the two years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements; and

(e) given that our Company is only required to disclose its financial results for the two financial years ended 31 December 2018 and 2019 and three months ended 31 March 2020 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended 31 December 2017 would require additional work to be performed by our Company and its auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company.

Our Company is of the view that the Accountant's Report covering the two years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part

II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus, and the prospectus will be issued on or before 23 September 2020.

WAIVER AND CONSENT IN RESPECT OF SUBSCRIPTION BY HHJH AS A CORNERSTONE INVESTOR

Rule 9.09 of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of the issuer (except as permitted by Rule 7.11 of the Listing Rules) from four clear business days before the expected hearing date until listing is granted. Pursuant to paragraph 5 of the Guidance Letter HKEX-GL42-12, the Stock Exchange would normally grant a waiver from strict compliance with Rule 9.09(b) of the Listing Rules if, among other things, there was a pre-existing shareholder agreement for distribution of the applicant's shares in a particular way so as not to dilute the shareholdings of the original shareholders.

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

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Paragraph 5.3 of Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies) provides that an existing shareholder with a contractual anti-dilution right may exercise such right and subscribe for shares in the IPO in accordance with the existing requirements under paragraph 3.10 of Guidance Letter HKEX-GL43-12. Pursuant to paragraph 3.10 of Guidance Letter HKEX-GL43-12, exercise of the anti-dilution rights by the pre-IPO investors before and in connection with an IPO is permissible if: (i) the allocation is necessary in order to give effect to the pre-existing contractual rights of the pre-IPO investors; (ii) full disclosure of the pre-existing contractual entitlement of the pre-IPO investors contained in the relevant investor rights agreement and the number of shares to be subscribed by the pre-IPO investors will be made in the listing document and the allotment results announcement; and (iii) the additional shares will be subscribed for at the offer price of the IPO offering.

HHJH, a substantial shareholder of our Company, currently holds 126,239,103 Shares of our Company, representing approximately 35.00% of the total issued share capital of our Company. As disclosed in the section headed "History, Development and Corporate Structure – Pre-IPO Investments – Rights of the Pre-IPO Investors" of this prospectus, pursuant to the Fifth Amended Articles and the Shareholders Agreement, HHJH, as one of the Pre-IPO

Investors, was granted certain special rights which will cease to be effective and be discontinued upon Listing. Such special rights include, among others, the pre-emptive right to purchase up to a pro rata share of any new securities which our Company may propose to issue after the date of the Shareholders Agreement (the "**Contractual Anti-dilution Right**"), which allows HHJH to subscribe for additional Shares of up to 35.00% (being the shareholding percentage of HHJH immediately prior to the Global Offering on an as-converted basis) of the total Offer Shares in connection with the Global Offering. Such arrangement is similar to a typical anti-dilution right as it would allow HHJH to subscribe for additional Shares, to the extent permissible by the Listing Rules, in order to reduce the dilutive effect of the Global Offering on its shareholding interest in our Company.

We have applied for a waiver from strict compliance with Rules 9.09(b) and 10.04 of the Listing Rules and consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules, such that HHJH can participate as a cornerstone investor in the Global Offering. The Stock Exchange has granted the requested waiver and consent subject to the conditions that:

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

(b) the Offer Shares to be subscribed by and allocated to HHJH, an existing Shareholder and a core connected person of the Company, under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors in the Global Offering (including being subject to a six-month lock up arrangement following Listing);

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

(d) details of the allocation of the Offer Shares to HHJH as a cornerstone investor under the Global Offering are disclosed in this prospectus and will be disclosed in the allotment results announcement of our Company.

For further information about the cornerstone investment of HHJH, please refer to the section headed "Cornerstone Investors" in this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF THE LISTING RULES AND CONSENT PURSUANT TO PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

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

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies) and paragraph 4.27 of Guidance Letter HKEX-GL85-16 (Placing to connected clients, and existing shareholders or their close associates, under the Rules) provide that existing shareholders are allowed to participate in the initial public offering of a Biotech Company (as defined under Chapter 18A of the Listing Rules) provided that the applicant complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public. Further, pursuant to paragraph 5.2 of Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies), an existing shareholder holding less than 10% of shares in a Biotech Company may subscribe for shares in the Proposed Listing as either a cornerstone investor or as a placee.

We have applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow Aranda Investments Pte. Ltd. (an existing Shareholder) and Hong Kong Tigermed Healthcare Technology Co., Limited (a close associate of existing Shareholders) (collectively, the "**Proposed Cornerstone Investors**") to participate as cornerstone investors in the Global Offering. The Stock Exchange has granted the requested waivers and consents subject to the conditions that:

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

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

(c) no preferential treatment has been, nor will be, given to the Proposed Cornerstone Investors as cornerstone investors by virtue of their relationship with the Company in any allocation in the International Offering other than the preferential treatment of assured entitlement under their cornerstone investments which follow the principles set out in the Guidance Letter HKEX-GL51-13, that the cornerstone investment agreements of the Proposed Cornerstone Investors do not contain any material terms which are more favourable to them than those in other cornerstone investment agreements; and

(d) details of the allocation of the Offer Shares to the Proposed Cornerstone Investors as cornerstone investors under the Global Offering are disclosed in this prospectus, and details of the allocation to the Proposed Cornerstone Investors will be disclosed in the allotment results announcement of our Company.

For further information about the cornerstone investments of the Proposed Cornerstone Investors, please refer to the section headed "Cornerstone Investors" in this prospectus.

ISSUANCE OF SHARES TO CORE CONNECTED PERSONS

On 26 September 2019, ABT, ABS, Dr. Yue Liu and the Company entered into the ABT Subscription and Stock Purchase Agreement (the "**SSPA**"), pursuant to which, among other things, ABT agreed to issue to the Company certain number of shares for cash consideration, and the Company agreed to purchase from ABS and Dr. Yue Liu, both being Independent Third Parties at the time of entering into the SSPA, certain number of shares for consideration consisting of both cash and Shares of the Company (the "**Ab Share Purchase**"). The consideration for the Ab Share Purchase was to be settled partly in cash of US$2,000,000 on the closing date of the SSPA (being 27 September 2019, the "**Closing Date**") and partly by way of issuances of Shares from the Company to ABS and Dr. Liu, with (i) 4,545,455 Shares in the Company (the "**Consideration Shares**", which equalled an aggregate of approximately US$5,000,000 calculated using the price per Share of US$1.10, to be issued in four instalments on each anniversary of the Closing Date from the first to the fourth anniversary, and (ii) a maximum of 4,545,455 Shares in the Company (the "**Earn-out Shares**"), which also equalled an aggregate of approximately US$5,000,000 calculated using the price per Share of US$1.10, to be issued upon completion of three programs of drug development, each with seven milestones to be achieved, as set out in the SSPA. For further details, see the section headed "History, Development and Corporate Structure — Acquisitions, Investments and Dissolution — Acquisition of ABT Shares — ABT Subscription and Stock Purchase Agreement".

Pursuant to the SSPA, the Company should issue the first instalment of the Consideration Shares to ABS and Dr. Liu (being 568,182 Shares after adjustment for the Share Consolidation) on 27 September 2020, being the first anniversary of the Closing Date. ABT is a direct subsidiary of the Company as 85% of the issued and outstanding share capital of ABT is held by the Company. Dr. Liu is a director of ABT, and ABS is controlled by Dr. Liu. As such, ABS and Dr. Liu are core connected persons (as defined under the Listing Rules).

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted. The date of issuance of the first instalment of the Consideration Shares to ABS and Dr. Liu is within the period between four clear business days before the hearing date and the Listing Date.

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the strict compliance with Rule 9.09(b) of the Listing Rules on the following grounds:

(a) the issuance of the first instalment of the Consideration Shares is to be made to ABS and Dr. Liu, both core connected persons of the Company, pursuant to a pre-existing bona-fide agreement entered into in September 2019 as part of the acquisition of ABT. As such, the issuance of Consideration Shares is not intended to benefit ABS or Dr. Yue Liu through dealing in those Consideration Shares shortly before Listing. See the section headed "History, Development and Corporate Structure — Acquisitions, Investments and Dissolution — Acquisition of ABT Shares — ABT Subscription and Stock Purchase Agreement" for further details;

(b) the price for the Consideration Shares was determined in the SSPA and is unrelated to the offer price of the Shares to be issued under the Global Offering;

(c) ABS or Dr. Yue Liu is not in a position to exert influence over the IPO process, they are core connected persons of the Company solely due to their relationship with ABT, a subsidiary of the Company, and ABT is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules; and

(d) the timing of the issuance of the first instalment of the Consideration Shares simply coincides with the timing restrictions under Rule 9.09(b) of the Listing Rules, hence constituting a technical deviation from the relevant requirement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

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

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares".

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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

RESTRICTIONS ON OFFERS AND SALE OF SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Share Option Plans, and the Consideration Shares and Earn-out Shares to be issued pursuant to the ABT Subscription and Stock Purchase Agreement, details of which are set out in the section headed "History, Development and Corporate Structure – Acquisitions, Investments and Dissolution – Acquisition of ABT Shares".

Dealings in the Shares on the Stock Exchange are expected to commence on 7 October 2020. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

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

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed "Structure of the Global Offering". Assuming that the Over-allotment Option is exercised in full, the Company may be required to sell up to 17,982,000 additional new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.8824 to HK$1.00, the exchange rate prevailing on 11 September 2020 published by the PBOC for foreign exchange transactions and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7503 to US$1.00, calculated using the exchange rate between Renminbi and Hong Kong dollars and the exchange rate between U.S. dollars and Renminbi prevailing on 11 September 2020 published by the PBOC for foreign exchange transactions.

LANGUAGE

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

ROUNDING

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

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
ZHOU Joe Xin Hua (周新華)	No. 206, 55 Lane Lanhai Road Shanghai China	American
GUO Feng (郭峰)	Unit 209, Yujing Huayuan 7 Yuyang Road Houshayu Shunyi District Beijing 10133 China	Canadian
Non-executive Directors		
YI Qingqing (易清清)	57 Paterson Road, #03-06 Singapore, 238551	Singaporean
CHEN Yu (陳宇)	Room 203 No. 30 Cuiyun New Village Nanchang District Wuxi City Jiangsu Province PRC	Chinese
LI Ming (李明)	Room 401, No. 13, Lane 100 North Linyi Road Pudong New District Shanghai PRC	Chinese

Independent Non-executive Directors

ZHOU Honghao (周宏灝)	No. 301, No. 9 Gantang Building Central South University Main Campus No. 932 South Lushan Road Lushan Area Changsha Hunan 410000 China	Chinese
FUNG Edwin (馮冠豪)	C2209 Yosemite Villa Houshayu Area Shunyi District Beijing PRC	Chinese (Hong Kong)
CHEN Wen (陳文)	No. 999 Zhongshan West Road Shanghai PRC	American

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **J.P. Morgan Securities (Far East) Limited** 23-29/F Chater House 8 Connaught Road Central Hong Kong **Jefferies Hong Kong Limited** Suite 2201 22/F Cheung Kong Center 2 Queen's Road Central Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** *(Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager in relation to the Hong Kong Public Offering only)* 28/F, Chater House 8 Connaught Road Central Hong Kong **J.P. Morgan Securities plc** *(Joint Bookrunner and Joint Lead Manager in relation to the International Offering only)* 25 Bank Street Canary Wharf London E14 5JP United Kingdom **Jefferies Hong Kong Limited** Suite 2201 22/F Cheung Kong Center 2 Queen's Road Central Hong Kong

Joint Bookrunners and Joint Lead Managers *(in alphabetical order)*	**CMB International Capital Limited** 45/F Champion Tower 3 Garden Road, Central Hong Kong
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Macquarie Capital Limited Level 18, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Lead Managers *(in alphabetical order)*	**Futu Securities International (Hong Kong) Limited** *(Joint Lead Manager in relation to the International Offering only)* Unit C1-2, 13/F, United Centre No.95 Queensway Hong Kong
	US Tiger Securities, Inc. *(Joint Lead Manager in relation to the International Offering only)* 437 Madison Ave, 27th Floor New York NY 10022 United States of America
Auditor and reporting accountant	**PricewaterhouseCoopers** Certified Public Accountants Registered Public Interest Entity Auditor 22/F, Prince's Building Central, Hong Kong

Legal Advisers to the Company

As to Hong Kong and U.S. laws:
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42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Special consultant as to Hong Kong law:
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New World Tower
16-18 Queen's Road Central
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As to PRC law:
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20/F, Fortune Financial Center
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Chaoyang District
Beijing 100020
China

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Kirkland & Ellis** 26th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6/F NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing PRC
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai 200070 China
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office	**Maples Corporate Services Limited** PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands
Head Office and Principal Place of Business in China	Building 3, 1690 Zhangheng Road Pudong New District Shanghai 201203 China
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company's Website	**www.genorbio.com** (A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus)
Company Secretary	SIU Wing Kit (ACS) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised Representatives	CHEN Yu Room 203 No. 30 Cuiyun New Village Nanchang District Wuxi City Jiangsu Province PRC SIU Wing Kit Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	FUNG Edwin *(Chairman)* LI Ming ZHOU Honghao

Compensation Committee	CHEN Wen *(Chairman)* CHEN Yu FUNG Edwin
Nomination Committee	YI Qingqing *(Chairman)* CHEN Wen FUNG Edwin
Compliance Adviser	Guotai Junan Capital Limited 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Share Registrar	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
Principal Banker	Silicon Valley Bank Unit 2315 China World Office 1 No. 1 Jian Guo Men Wai Avenue Beijing PRC China Merchants Bank Co., Ltd. Shanghai Eastern Branch 1192 Century Avenue Shanghai PRC

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

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged CIC to conduct a detailed analysis and prepare an industry report on the global CDK4/6 inhibitor market and antibody drugs market. CIC is an independent consulting firm founded in Hong Kong. It offers industry research and market strategies and provides growth consulting and corporate training. CIC provided comprehensive industry consulting services for the listing and financing of over 500 clients in various industries. We incurred a fee of US$100,000 for the preparation of the CIC Report. The payment of such amount was not contingent upon our successful Listing or on the results of the CIC Report. Except for the CIC Report, we did not commission any other industry report in connection with the Global Offering.

We have included certain information from the CIC Report in this prospectus because we believe such information facilitates an understanding of the CDK4/6 inhibitor market and antibody drug market for potential investors. In compiling and preparing the CIC Report, CIC has adopted the following assumption: (i) the overall social, economic and political environment in the PRC is expected to remain stable during the forecast period; (ii) the PRC's economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the global CDK4/6 inhibitor market and antibody drugs market during the forecast period, such as the increasing number of new cancer incidences, increasing number of antibody drugs, supportive government programs and policies, increasing amount of R&D expenditures and improved affordability of drugs; (iv) the negative impact caused by COVID-19 outbreak in 2020 on the industry is expected to be limited, taking into account the impact of the COVID-19 outbreak and estimating market growth for 2020 in a conservative manner based on the industry and economic recovery in China since the second quarter of 2020; and (v) there is no extreme force

majeure or industry regulation by which the market may be affected dramatically or fundamentally. According to CIC, the basis for assuming the negative impact of COVID-19 outbreak to the industry will be limited in 2020 include the following: (a) the number of daily new infections and suspected COVID-19 cases in China has declined substantially since mid-February, 2020. On 8 April 2020, the mass lockdown measures in Wuhan, the outbreak epicentre in China, were lifted; (b) outpatient visits to the oncology departments were not strictly restricted in most hospitals in China except Hubei Province during February and March 2020 due to the urgency of oncology diseases; (c) starting from mid-March 2020, medical teams deployed to Hubei province from other regions in China have gradually returned home, hospitals have gradually resumed full services; (d) the prescription of oncology drugs were transferred to online channel and the government paid special attention to cancer patients during the epidemic by opening green channel for cancer treatment. The sales volume of many oncology drugs in first quarter of 2020 was at the same level of that in first quarter of 2019 such as Ibrance, Keytruda and Tagrisso; and (e) assuming that the COVID-19 situation in China does not deteriorate in the second half of 2020. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. CIC conducted in-depth interviews, including phone and teleconference interview with a sample of leading industry participants and industry experts for latest data and insights and future trends and to verify and cross check the consistency of data and research estimates. Those industry participants and experts include chief physicians or directors of departments of hospitals and medical or market information specialists in peer biopharma companies. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of the PRC, the International Monetary Fund, World Health Organization, U.S. Food and Drug Administration, Global Health Data Exchange, National Medical Products Administration of China and National Health Commission of the PRC.

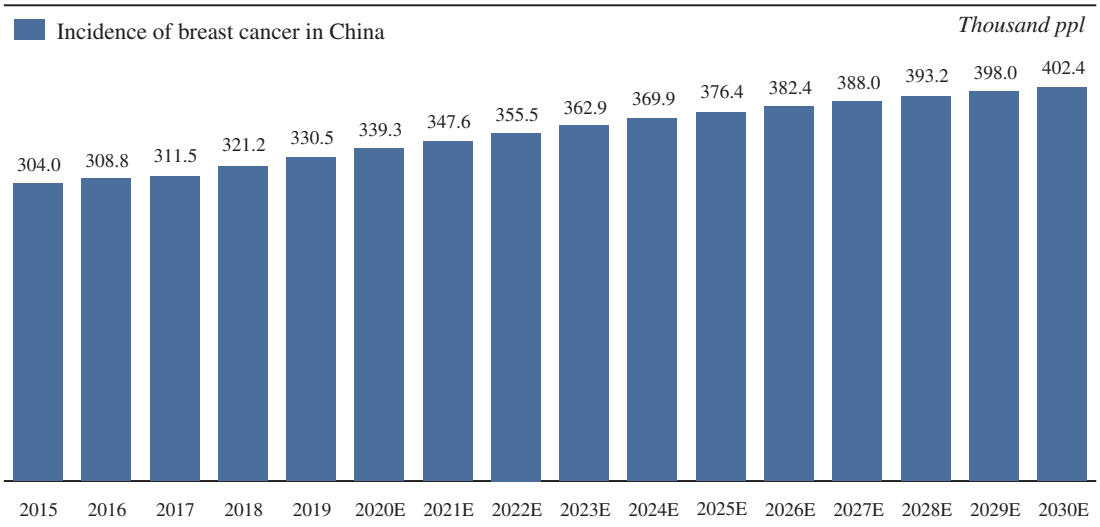
OVERVIEW OF CDK4/6 INHIBITOR MARKET IN THE PRC

Cell division is a tightly regulated cellular process that relies on multiple checkpoints to prevent unrestricted proliferation. Loss of this cell cycle regulation is a hallmark of cancer, so these pathways are a primary target of rational therapeutic design. Cyclin dependent kinase (CDK) is an enzyme important for cell division. CDK4/6 inhibitors interrupt signals that stimulate the proliferation of malignant cells. CDK4/6 inhibitors have advanced the treatment of breast cancer by targeting the cell cycle machinery, interrupting intracellular and mitogenic hormone signals that stimulate the proliferation of malignant cells. Moreover, CDK4/6 inhibitors can restore sensitivity to EGFR inhibitors by reducing the activity of mTOR. EGFR inhibitors combined with CDK4/6 inhibitors may increase the sensitivity to EGFR inhibitor-resistant lung cancer cells.

Overview of Breast Cancer

Breast cancer is the most common cancer in Chinese women, with 331 thousand new incidence cases in 2019. The following diagram sets forth breast cancer incidence in the PRC for the periods indicated.

Incidence of breast cancer in China



Source: NCCR, Global Cancer Observatory, CIC

The status of the hormone receptor (HR) and human epidermal growth factor receptor-2 (HER2) in a breast cancer tumor defines the four most common types of breast cancer. HR and HER2 can either be present, or positive (HR+, HER2+), or absent, or negative (HR-, HER2-), in the tumor. HR+/HER2- is the most common subtype among the four. HR+/HER2- breast cancer represents 62.0% of all breast cancer patients in China, which is 2.8 times the number of HER2+ breast cancer patients (22.4%), with 11.2% being HR+ and 11.2% being HR-. The number of TNBC patients represents the remaining 15.6% of all breast cancer patients in China.

The below diagram sets forth the treatment path of breast cancer by subtype.

Treatment	Neoadjuvant	Adjuvant	1L	2L
HER2+	Trastuzumab + pertuzumab + Chemo	Chemo + Trastuzumab	Pertuzumab + trastuzumab + docetaxel	T-DM1
	Endocrine therapy (if also HR+)	Chemo + Trastuzumab + Pertuzumab + ET (if also HR+)	Pertuzumab + trastuzumab + paclitaxel	Trastuzumab + lapatinib
HR+	CDK4/6i + ET	CDK4/6i + ET	CDK4/6i + Aromatase inhibitor	CDK4/6i + fulvestrant
	CDK4/6i + ET + AKTi	Chemo + ET	CDK4/6i + Fulvestrant	Everolimus + ET
TNBC	Chemo	Chemo	PARPi / AKTi + Chemo	PI3Ki + fulvestrant
	PD-(L)1 + Chemo	PD-(L)1 + Chemo	PD-(L)1 + Chemo	ADC

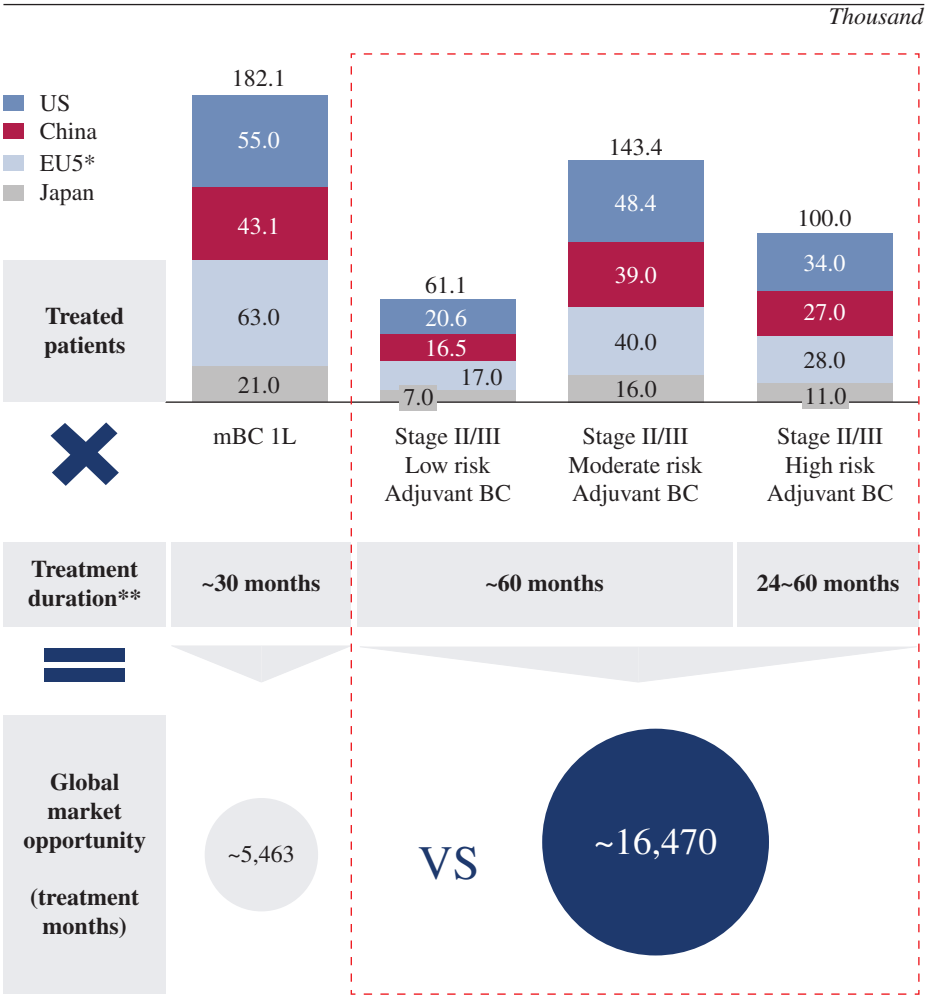
Notes: 1L = first-line; 2L = second-line; CDK4/6i = CDK4/6 inhibitor; ET = endocrine therapy; AKTi = AKT inhibitor; PARPi = poly ADP ribose polymerase inhibitor; PI3Ki = phosphoinositide 3-kinase inhibitor; ADC = antibody-drug conjugate; HR = hormone receptor; HER2 = human epidermal growth factor receptor 2; TNBC = triple-negative breast cancer.

Source: Expert interview; CIC

CDK4/6 inhibitor has already been included in the NCCN guidelines as first-line therapy for HR+/HER2- mBC. In addition, ASCO study shows that constant adjuvant therapy lasting for five years may significantly reduce the risk of distant recurrence rate for HR+ post-operative BC patients. For high risk post-operative BC patients, the adjuvant therapy may last for ten years. According to ASCO study, two trials have examined the role of ovarian suppression and endocrine therapy in premenopausal women: TEXT (Tamoxifen and Exemestane Trial) and SOFT (Suppression of Ovarian Function Trial). The most recent results from these clinical trials have continued to show benefit from ovarian suppression plus endocrine therapy. An analysis that was published by Pagani and colleagues in 2019 found that absolute improvement in 8-year freedom from distant recurrence was 5.1% points higher in the exemestane/ovarian suppression group than in the tamoxifen/ovarian suppression group. This improvement was even more pronounced among women at the highest risk for recurrence, in which the absolute improvement was more than 15% points higher with exemestane/ovarian suppression. Also, in a meta-analysis of 24,912 patients from 12 randomized trials, performed by the Early Breast Cancer Trialists' Collaborative Group (EBCTCG) shows the importance of constant adjuvant therapy for HR+ post-operative patients. This study compared 3 years with 5 years of an aromatase inhibitor vs no further treatment after 5 or more years of endocrine therapy. There were 7,500 women treated with 5 years of tamoxifen alone, 4,800 treated with 5 years of an aromatase inhibitor alone, and 12,600 treated with 5 to 10 years of tamoxifen followed by an aromatase inhibitor. In the overall analysis, extended endocrine therapy led to a 24% reduction in the risk of any recurrence (9.5% vs 7.0%; $P < 0.00001$), a 15% reduction in the risk of distant recurrence (6.1% vs 5.1%; $P = 0.004$), and a nonsignificant reduction in breast cancer mortality (3.1% vs 2.8%; $P = 0.09$). These results were posted in ASCO 2019.

A recent successful study shows that CDK4/6 inhibitor also has promising results as HR+/HER2- eBC adjuvant therapy. Adjuvant BC therapy has much bigger market opportunities than mBC first-line therapy due to the larger patient base and longer treatment duration. The below diagram sets forth the comparison of the market opportunities of HR+/HER2- early stage adjuvant BC therapy and mBC first-line therapy in 2030.

Comparison of HR+/HER2- BC early stage adjuvant therapy and metastatic first-line therapy in 2030



Note: * EU5 Countries represents France, Germany, Italy, Spain and the United Kingdom
** Ideal treatment duration

Global market opportunity is calculated based on the ideal treatment months for BC patients. CIC calculated the market opportunities by multiplying the potential treated patients with ideal treatment month. The treated patients were calculated based on incidence data from WHO Global Cancer Observatory, and the ideal treatment durations are collected from ASCO guidelines. The potential treated mBC patients in US, China, EU5 and Japan are expected to be 182.1 thousand, while the ideal treatment duration are about 30 months, and therefore the global market opportunity for HR+/HER2- mBC is expected to be 5,463 thousand treatment months in 2030. While for eBC patients, CIC divides them to three different groups. For low and moderate risk eBC patients, the ideal treatment months are about 60 months while the total treatment patients are expected to be 204.5 thousand, and therefore the global market opportunity for these patients are about 12,270 thousand treatment months. While for high risk eBC patients, the ideal treatment months are around 24 to 60 months due to the risk of cancer progress. CIC takes the average, which is 42 months, and multiply by 100 thousand treated patients to get 4,200 thousand treated months. 12,270 plus 4,200 equals 16,470 thousand treated months, which is the global market opportunity for eBC cancer patients.

Source: CIC

Global sales opportunity in terms of treatment months for early stage adjuvant mBC is expected to be almost three times of the opportunity for mBC first-line therapy.

There is clinical validation suggesting that treatment with CDK4/6 inhibitors might overcome acquired resistance to trastuzumab. Furthermore, together with previously published data, abemaciclib has now shown activity in both HR+/HER2- and HR+/HER2+ advanced breast cancer. Differentiated safety profile is key for CDK4/6 drugs being able to be explored in many combination therapies, as combination therapies usually lead to heavier AEs compared with monotherapies. CDK4/6 inhibitors in combination with trastuzumab also showed promising results and may penetration HR+/HER2+ BC in the future.

Approved CDK4/6 Inhibitors in the U.S. and Global Annual Sales

There are three approved CDK4/6 inhibitors globally, all of the which target top line treatment of HR+/HER2- mBC. The below table sets forth the CDK4/6 inhibitors approved by the FDA.

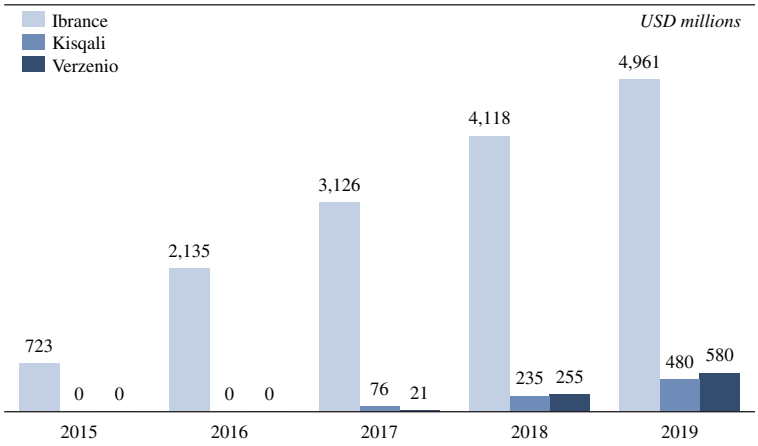
FDA-approved CDK4/6 inhibitors

Trade name (Generic name)	Company	Indication	Approval Date	Price
Ibrance (Palbociclib)	Pfizer	• Advanced breast cancer	Feb 3 2015	USD13,007 for 21 tablet USD619.4 per unit
		• First-Line HR+, HER2- Metastatic Breast Cancer	Mar 31, 2017	
Kisqali (ribociclib)	Novartis	• HR+/HER2- Metastatic Breast Cancer	Mar 13, 2017	USD5,539 for 21 tablet USD263.8 per unit
		• HR+/HER2- Advanced Breast Cancer	Jul 18, 2018	
Verzenio (abemaciclib)	Eli Lilly	• Certain Advanced or Metastatic Breast Cancers	Sep 28, 2017	USD3,239.9 for 14 tablet USD231.4 per unit

Source: CIC

The below diagram sets forth the global sales volume of CDK4/6 inhibitors.

Global sales of approved CDK4/6 inhibitors



Source: Annual reports; CIC

Approved CDK4/6 Inhibitor in China

Ibrance (palbociclib) is the only CDK4/6 inhibitor approved in China. It was approved in July 2018 as a first-line combination therapy for HR+/HER2- locally advanced or metastatic breast cancer. The sales performance of Ibrance in China was impressive. It generated about RMB625 million sales in China in the first six quarters after its approval, with over RMB400 million sales in 2019. The below table and diagram set forth the CDK4/6 inhibitor approved in China and its quarterly sales volume.

Approved CDK4/6 inhibitors in China

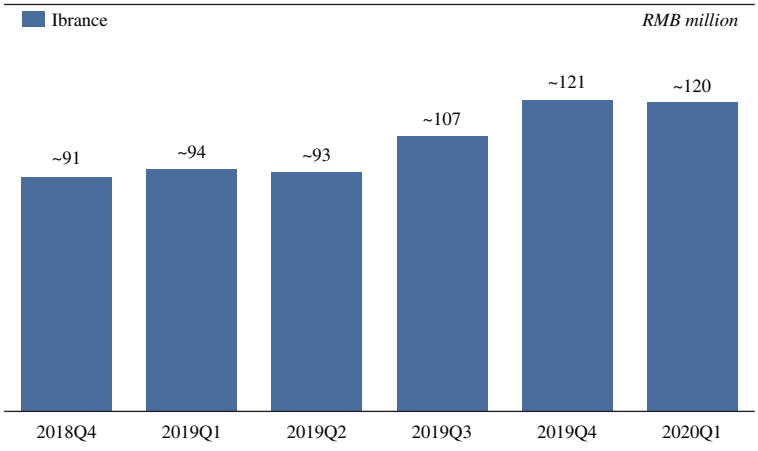
Trade name (Generic name)	Indication	Approval date	Price (RMB)	NRDL coverage	Patient assistance program	Treatment frequency	Annual spending* (RMB)
Ibrance (愛博新) (Palbociclib)	1L combo with aromatase inhibitors for HR+ HER2- locally advanced or metastatic BC	Jul 31, 2018	29,800/125mg for 21 tablet 1,419.0 per unit	No	4+3 Buy 4 cycles treatment get 3 free	Every 28 days	221,371

Note: Simcere in-licensed the Greater China rights of an intravenous CDK4/6 inhibitor, trilaciclib, from G1 Therapeutics in August 2020. Trilaciclib is a first-in-class myelopreservation therapy designed to improve the outcomes of patients who receive chemotherapy by preserving hematopoietic stem and progenitor cell (HSPC) and immune system function. Registered clinical trial status shows that trilaciclib targets two indications, namely, 1L and 2L+ small cell lung cancer in combination with chemotherapy and TNBC in combination with chemotherapy. G1 Therapeutics also plans to initiate a clinical trial of trilaciclib targeting mCRC in late 2020.

Trilaciclib is a small molecule intravenous CDK4/6 inhibitor and has a different route of administration and MOA compared with lerociclib, which is a small molecule oral CDK4/6 inhibitor. Trilaciclib is currently used in combination with chemotherapy for myelopreservation only. Also, the target indications of trilaciclib and lerociclib are different. Trilaciclib targets small cell lung cancer, TNBC and mCRC, whereas lerociclib targets HR+ breast cancer, NSCLC and HNSCC. Thus, we believe that trilaciclib is not a competitor to lerociclib.

Source: CIC

Quarterly sales of approved CDK4/6 inhibitors in China



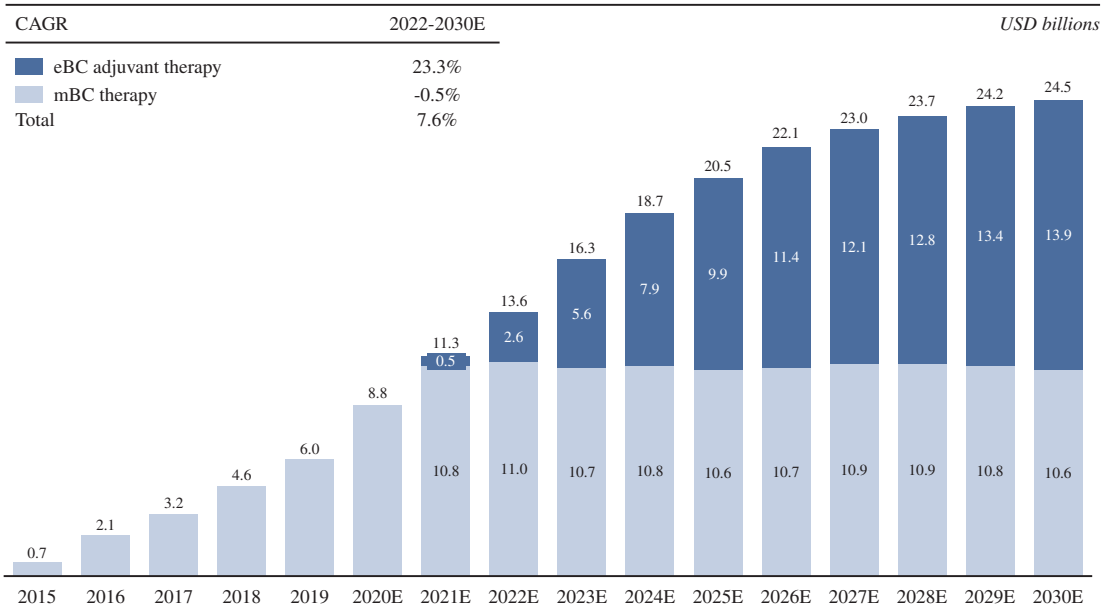
Note: *applying standard therapy cycle, for each month, take 1 tablet per day for 21 days then stop 7 days; using 13 cycles annually

Source: CIC

Market Size of CDK4/6 Inhibitors in Breast Cancer

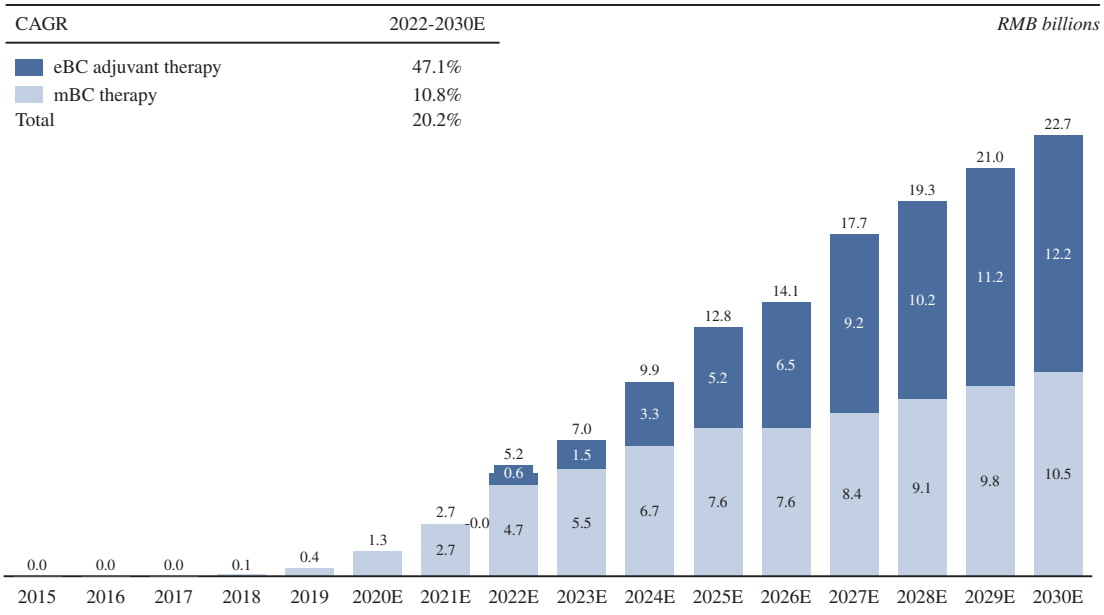
It is expected that eBC adjuvant therapy will represent a significant segment of the CDK4/6 inhibitor market in the future. The following diagram sets forth the market size of CDK4/6 inhibitors for HR+/HER2- breast cancer globally and in China, respectively, from 2015 to 2019, and the estimated market size from 2020 to 2030.

Global market sizes of CDK4/6 inhibitor in HR+/HER2- breast cancer



Source: CIC

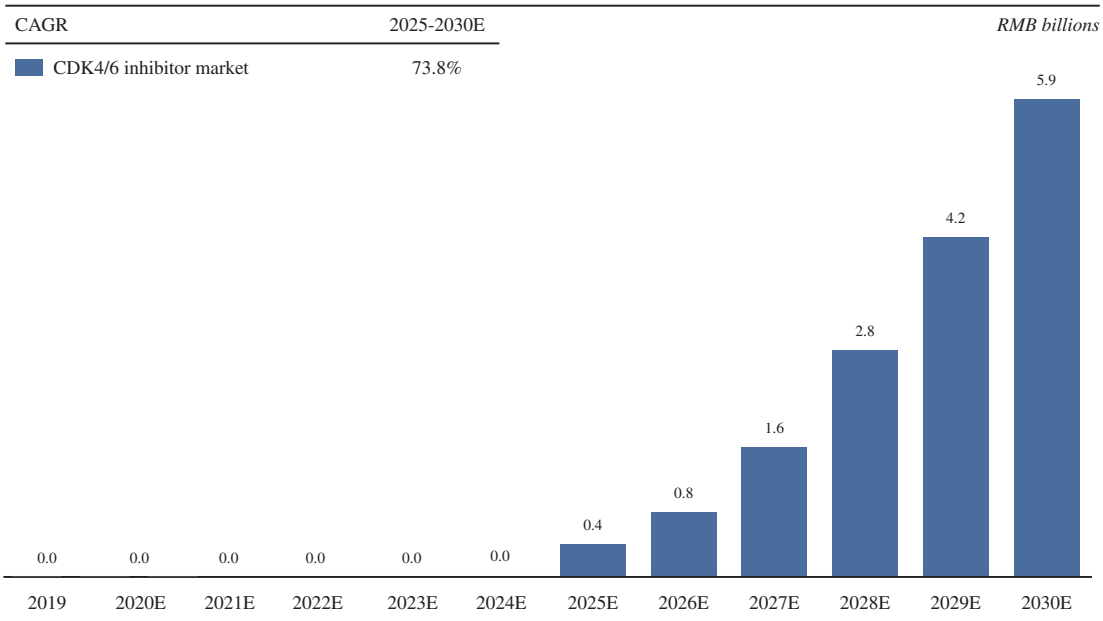
Market sizes of CDK4/6 inhibitor in HR+/HER2- breast cancer in China



Source: CIC

The following diagram sets forth the market size of CDK4/6 inhibitors for HR+/HER2+ breast cancer in China in 2019, and the estimated market size from 2020 to 2030.

Market size of CDK4/6 inhibitor in HR+/HER2+ breast cancer in China



Source: CIC

FDA- and NMPA-Registered CDK4/6 Inhibitor Pipeline for Breast Cancer

On 16 June 2020, Eli Lilly announced that Verzenio (abemaciclib) in combination with standard adjuvant endocrine therapy has met the primary endpoint of invasive disease-free survival, significantly decreasing the risk of breast cancer recurrence or death compared to standard adjuvant endocrine therapy alone. These results are from a pre-planned interim analysis of the Phase 3 MONARCH-E study making Verzenio the only CDK4/6 inhibitor to demonstrate a statistically significant reduction in the risk of cancer recurrence for people with high risk HR+, HER2- early breast cancer. The promising result strengthens the position of CDK4/6i in eBC adjuvant therapy.

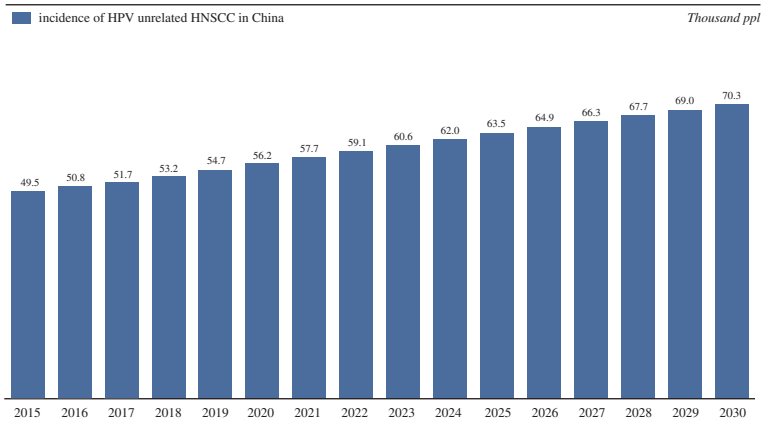
Currently, there is no NMPA-registered CDK4/6 inhibitor pipeline drugs for eBC adjuvant therapy.

Overview of HNSCC

Head and neck cancer is the sixth most common cancer globally. Half of these patients will develop recurrent or metastatic disease.

There are few effective therapeutic options for recurrent or metastatic head and neck cancer. 70% of HNSCC patients are driven by p16 inactivation and cyclin D1 overexpression that result in the hyperactivation of CDK4/6, rather than by HPV. The following diagram sets forth HPV-unrelated HNSCC incidence in the PRC from 2015 to 2019 and the estimated incidence from 2020 to 2030.

Incidence of HPV-unrelated HNSCC in China



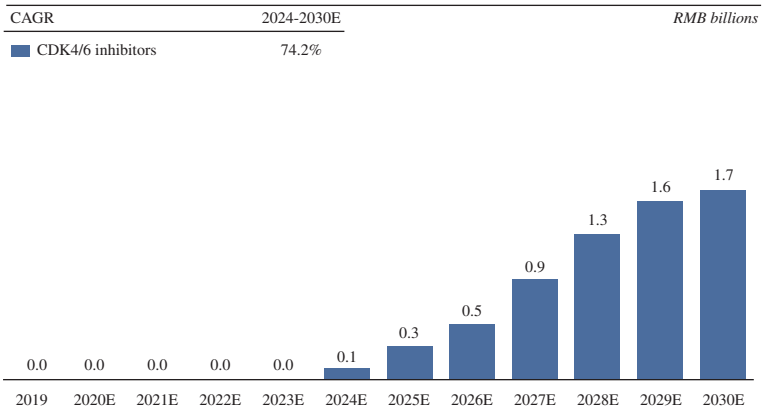
Source: CIC

Cyclin D1 overexpression can also cause EGFR inhibitor resistance. CDK4/6 inhibitors may have positive results when used in combination with cetuximab (EGFRi) for HPV-unrelated HNSCC patients. Recent study shows that the objective response rate could be markedly increased for HNSCC patients receiving CDK4/6 inhibitor combination therapies.

Market Size of CDK4/6 Inhibitors for HNSCC

The following diagram sets forth the market size of CDK4/6 inhibitors for HNSCC in China in 2019, and the estimated market size from 2020 to 2030.

Market sizes of CDK4/6 inhibitor in HNSCC in China, 2019-2030E



Source: CIC

FDA-Registered CDK4/6 Inhibitor Pipeline for HNSCC

The table below summarizes the FDA-registered CDK4/6 inhibitor pipeline for HNSCC as of 18 September 2020.

FDA-registered CDK4/6 inhibitor pipeline for HNSCC

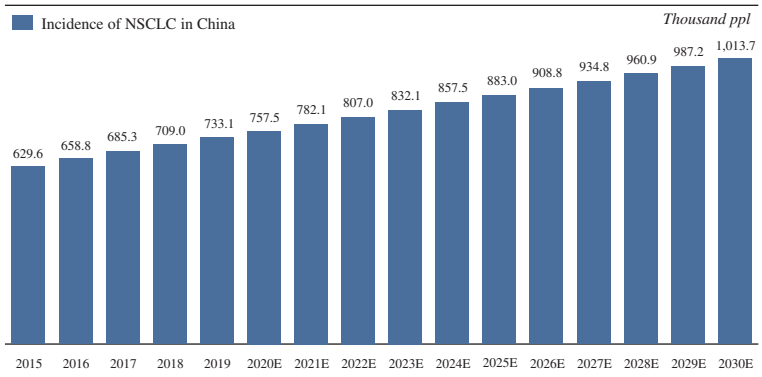
Drug	Company	Indication	Phase	First post date	Combo/mono
Palbociclib	Pfizer/Washington University School of Medicine	Incurable HNSCC	Phase 1/2	4/1/2014	Combo with cetuximab
	Pfizer/Mahidol University	Locally advanced HNSCC	Phase 1/2	1/18/2017	Combo with cetuximab and IMRT
	Pfizer/Kathryn Gold, UC San Diego	Recurrent or metastatic HNSCC	Phase 1	4/13/2018	Combo with avelumab and cetuximab
Abemaciclib	Eli Lilly/Seoul National University Hospital	Recurrent or metastatic HNSCC	Phase 2	11/29/2017	Mono or Combo with Nivolumab
Ribociclib	Novartis	Recurrent or metastatic HNSCC	Phase 1	12/30/2019	Combo with PD-1 (Spartalizumab)

Source: CIC

Overview of Non-Small Cell Lung Cancer

Non-small cell lung cancer (NSCLC) is another market that CDK4/6 inhibitors may penetrate. NSCLC is the most common cancer in China, with over 733 thousand new incidence in 2019. EGFR mutation in NSCLC is particularly common in Asian population, especially in Chinese population, which indicates a massive market potential for drugs targeting the patient pool. About 80% of the NSCLC patients were initially diagnosed as late stage patients, with about half of them were EGFR positive in China. The following diagram sets forth NSCLC incidence in the PRC for the periods indicated.

Incidence of NSCLC in China



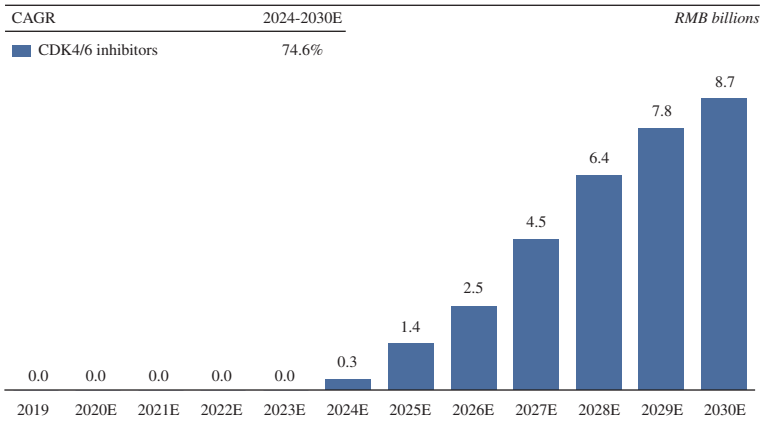
Source: NCCR, Global Cancer Observatory, CIC

Tagrisso (osimertinib) was approved for first line therapy for EGFR positive late stage NSCLC patients in China. There are also clinical trials initiated in which CDK4/6 inhibitors are being combo used with osimertinib to further improve the first line therapy for EGFR positive late stage NSCLC patients. Combo use of CDK4/6 inhibitors and osimertinib has the potential to prolong the time to disease progression by overcoming resistance mechanisms.

Market Size of CDK4/6 Inhibitors in NSCLC

The following diagram sets forth the market size of CDK4/6 inhibitors for NSCLC in China for the periods indicated.

Market sizes of CDK4/6 inhibitor in NSCLC in China, 2019-2030E



Source: CIC

CDK4/6 Inhibitor Pipeline for NSCLC

The table below summarizes the CDK4/6 inhibitor pipeline for NSCLC globally as of 18 September 2020.

Drug	Company	Indication	Phase	First post date	Combo/mono
Palbociclib	Pfizer	Advanced KRAS Mutant NSCLC	Phase 1/2	5/30/2017	Combo with MEKi (MEK162)
G1T38	G1 therapeutics	EGFR mutation-positive metastatic NSCLC	Phase 1/2	3/7/2018	Combo with osimertinib
SHR6390	Hengrui Medicine	Advanced NSCLC	Phase 1/2	7/26/2018	Combo with PD-1 (SHR-1210)
GLR2007	Gan and Lee Pharmaceuticals	Advanced NSCLC	Phase1/2	6/23/2020	N/A

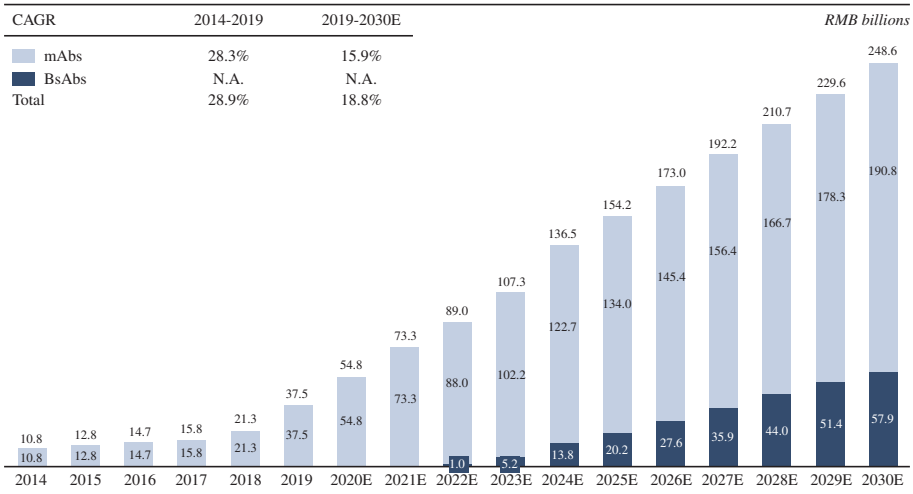
OVERVIEW OF ANTIBODY DRUG MARKET IN THE PRC

Antibody drugs include monoclonal antibodies (also known as naked monoclonal antibodies), bi-specific antibodies and antibody-drug conjugate (ADCs, also known as conjugated monoclonal antibodies). Antibody drugs are the largest category of therapeutic biologics, which have generally shown higher efficacy and lower toxicity in treating cancers than traditional therapies such as chemotherapy and radiotherapy. Antibodies target tumor-selective antigens with a high degree of target specificity, which reduces off-target toxicity and side effects, and have gained increasing acceptance among patients and doctors. In recent years, combination therapies of two or more monoclonal antibodies, as well as monoclonal antibody-based therapy in combination with targeted small-molecule drugs and chemotherapies and ADCs, have been increasingly used. In addition, research and development on bi-specific antibody drugs is also gaining popularity. ADCs, which benefit from the high specificity of monoclonal antibodies and carry potent cytotoxic compound selectively to antigen-expressing tumor cells, also witness continuous development.

Market Size of Antibody Drugs in the PRC

The following diagram sets forth the breakdown of the PRC antibody drug market by types of molecules from 2014 to 2019 and the estimated market size from 2020 to 2030.

China antibody drugs market, 2014-2030E



Note: In the market model build up, CIC has taken into account the increasing price pressure exerted by the government, assuming the price of antibody drugs will keep decreasing in the future. Also, the sales volume of Herceptin and Avastin greatly increased after being included in NRDL and the overall sales value experienced rapid growth, which indicates that reduced drug price may boost the increase of antibody drugs market.

Source: *CIC*

Antibody drugs are widely used in different therapeutic areas, including oncology, autoimmune disease, neurology and osteoporosis. Oncology is the largest therapeutic area of antibody drugs, accounting for approximately 85.6% of the total antibody drug market in the PRC in 2019.

Entry Barriers of Antibody Drug Market in the PRC

Given the large and complex molecular structures of antibodies, they are more difficult to replicate than traditional small molecule pharmaceuticals. Even subtle alterations of the structures may lead to significant differences in the efficacy and safety profile of the antibodies. Besides, the fragileness and sensitivity of living cells used to manufacture antibodies impose high technical challenges on the manufacturing process. Research and development of such antibodies is technology-intensive with high requirements of integration of knowledge from multiple disciplines and specific skill sets. Furthermore, new entrants are expected to be capable of meeting the requirements of stringent antibody regulations while affording heavy capital investment.

Market Trends and Key Growth Drivers of Antibody Drug Market in the PRC

Increasingly improved efficacy of antibody drugs, continuously developing biotechnologies and growing biosimilar markets are the three main market trends and key growth drivers of the antibody drug market in the PRC. Antibody drugs with fast onset and fewer side effects show superior efficacy in treating a broad spectrum of diseases, including cancer and autoimmune disease, which gain growing preference among physicians and patients. The application of biotechnologies in pharmaceutical science has brought a series of breakthroughs in the development of new antibody drugs. Besides, biosimilars represent a promising market as a cost-effective alternative to expensive branded antibody drugs.

Overview of Monoclonal Antibody Market in the PRC

Introduction of Monoclonal Antibodies

Monoclonal antibodies are antibodies made by identical immune cells that are all clones of a unique parent cell and recognize the same part of a target molecule. Monoclonal antibodies can work in different ways. Most monoclonal antibodies target antigens on cancer cells, but some work by binding to antigens on other non-cancerous cells or even free-floating proteins. There are four different ways in which monoclonal antibodies can be made, namely, murine, chimeric, humanized and human. Compared with chemotherapy drugs, naked monoclonal antibodies tend to have fewer serious side effects.

Market Size of Monoclonal Antibodies in the PRC

The PRC monoclonal antibody market increased at a CAGR of 28.3% from RMB10.8 billion in 2014 to RMB37.5 billion in 2019 and is estimated to increase at a CAGR of 15.9% to RMB190.8 billion in 2030. Monoclonal antibodies are widely used in different therapeutic areas, including oncology, autoimmune disease, neurology and ophthalmology. Oncology and autoimmune disease are the two largest therapeutic areas of monoclonal antibodies, accounting for approximately 85.6% and 8.8% of the total monoclonal antibody market in 2019, respectively.

Market Trend of Monoclonal Antibodies in the PRC

Monoclonal antibodies in general have PK characteristics including slow clearance, long half-life, and limited tissue distribution. The long half-life offers the advantage of less frequent dosing in patients as compared to small molecules. Also, compared with chemotherapy drugs, monoclonal antibodies tend to have fewer serious side effects. As a result, the market share of monoclonal antibodies in oncology treatment is expected to experience a rapid growth in China from less than 20.0% market share in oncology drug market in 2019 to over 40% market share in 2030. With increasingly more monoclonal antibodies included into the NRDL, treatment costs borne by patients in the PRC will be greatly reduced. Meanwhile, multiple updated tumor treatment guidelines have included monoclonal antibodies in the recommended treatment

paths. Besides, with the patent expiration of original monoclonal antibody drugs, there will be more biosimilars in the PRC and hence more options for patients. The prospects of monoclonal antibodies in the PRC is expected to be promising.

Overview of Bi-specific Antibody Market

Overview of Bi-specific Antibodies

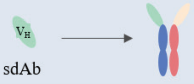
Introduction to bi-specific antibodies and comparison of major formats

A bi-specific antibody is used to describe a large family of molecules designed to recognize two different epitopes or antigens. Bi-specific antibodies can bridge therapeutics (e.g., T cells, drugs) and targets (e.g., tumour) or regulate two different pathogenic mediators. Bi-specific antibodies with defined specificities do not occur naturally in the human body and are mainly produced by three methods, namely, chemical conjugation, quadroma technology and genetic approaches. As of 18 September 2020, there are 98 ongoing (does not include completed, suspended and terminated trials) bi-specific antibodies clinical trials globally, among which 31 trials are evaluating drug candidates targeting immune checkpoint pathways.

The chart below sets forth the comparison of major formats of bi-specific antibodies:

Comparison of major formats BsAbs

Comparison of major formats BsAbs

	Asymmetric lgG-like BsAbs	Fc-less BsAbs	Bispecific sdAb fusion protein
Structure			
Characteristic	• Asymmetric bispecific IgG molecules possess an asymmetric architecture due to the presence of, at least, different Fv regions. Depending on the method of preparation and origin of heavy and light chains, they may furthermore differ in the constant regions of the heavy or light chain. Due to the Fc region, asymmetric BsAbs which target two or more epitopes has a higher serum half-life and ADCC function.	• Fc-less BsAbs lack Fc-mediated effector functions, such as antibody-dependent cell-mediated cytotoxicity (ADCC), antibody-dependent cellular phagocytosis (ADCP), complement fixation, and FcRn-mediated recycling, which is responsible for the long serum half-life. Fc-less BsAbs contain scFv2, taFv, diabody, Fab fusion protein, etc. Molecular weight of them varies, which depends on the number of domains and the binding/tandem type.	• A single-domain antibody (sdAb) is an antibody fragment consisting of a single monomeric variable antibody domain with a molecular weight of only 12-15 kDa. It is more stable in structure compared with other traditional antibodies. It can be used to make bispecific molecules by a tandem or fusion with other molecules such as Fc domain. The comparatively low molecular mass of the fusion proteins formed by sdAbs and Fc region leads to an enhanced tissue penetration than common BsAbs.

Source: CIC

There are diverse formats of bi-specific antibodies, and one major group of bi-specific IgG molecules is asymmetric. This asymmetric lgG-like format retains the traditional monoclonal antibody structure of two Fab arms and one Fc region, but with a capability to bind different targets. Fc-less bi-specific antibody with a smaller size has a higher permeability to reach antigens usually unavailable to conventional antibodies, but the absence of Fc region

makes the Fc-less bi-specific antibody lack of ADCC function and with a short serum half-time. Bi-specific single-domain antibody fusion protein can be fused with other molecules such as Fc domain or human serum albumin to extend half-life with a full antigen binding capability.

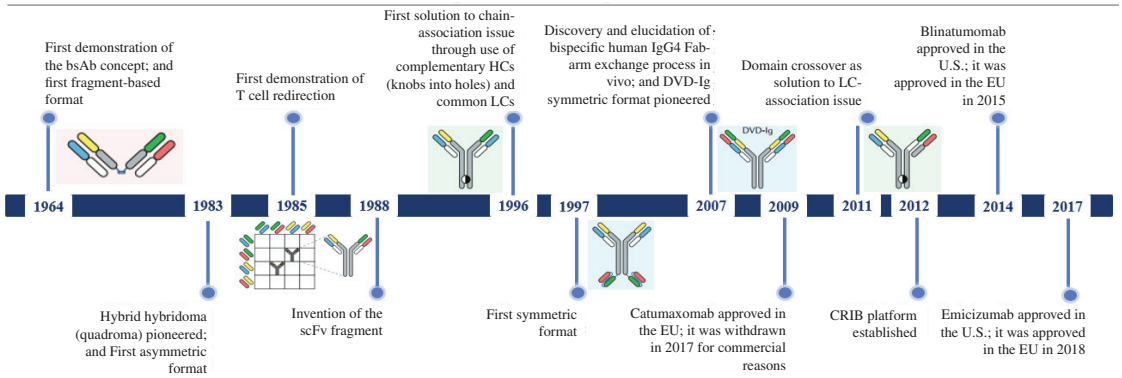
Introduction to bi-specific antibody platform

Numerous efforts have been made to engineer bi-specific antibodies, which has resulted in the generation of more than several dozens of bi-specific antibody formats. Many bi-specific antibodies have been engineered by linking antibody fragments, such as single-chain variable fragments (scFv), antigen-binding fragments (Fab), and heavy (VH) and light chain (VL) variable domains, as well as their appendages to IgG-format monoclonal antibodies. However, these formats, deviating from the conventional IgG structure, often suffer from poor physicochemical properties, such as low solubility and aggregation, difficulties in large-scale manufacturing, poor pharmacokinetics, and potential immunogenicity. To improve the developability, bi-specific antibodies in the formats of intact IgG or IgG-like (containing an Fc) architectures have been extensively developed. A common approach is to generate Fc heterodimers, with the goal of high heterodimerization yield, while retaining biophysical and biological properties of the wild-type Fc. The platform that can develop Fc-based bi-specific antibodies by Fc heterodimers engineering techniques is called Fc-based bi-specific antibody platforms.

Nowadays, Fc-based bi-specific antibody platforms are major bi-specific antibody platforms around the globe. Various Fc engineering techniques are used in bi-specific antibody development, and bi-specific antibodies developed from Fc-based platforms can be optimized for industry-scale manufacturing. More importantly, these antibodies often show high stability, long serum half-life, low immunogenicity, as well as immune effector functions.

Development of bi-specific antibodies

Development of bi-specific antibodies



Source: CIC

Bi-specific antibody targets

Triomab (catumaxomab) (targeting CD3 and EpCAM) is a tri-functional bi-specific antibody for the treatment of cancerous ascites.

Blinatumomab (targeting CD3 and CD19) is used in the treatment of acute b-lymphoblastic leukaemia, and its superior clinical results have renewed interest and investment in bi-specific antibodies.

Emicizumab is used for the treatment of patients with haemophilia A who had developed resistance to other treatments. It binds to both the activated coagulation factors IX and X, mediating the activation of the latter. This is normally the function of coagulation factor VIII, which is missing in haemophilia A patients.

Bi-specific antibodies activate new activities by binding two different target molecules in three ways: bridging two cell types (in-trans binding), binding two targets on one cell (in-cis binding), or binding two distinct epitopes on the same target. Therefore, the selection of two targets is particularly important. Nowadays, CD3, PD-1, HER2, CD19 and BCMA are five popular targets selected by global pharmaceutical companies to design bi-specific antibodies. Many bi-specific antibodies select CD3 to recruit and activate T cells, while the other target is mostly tumor antigens. In the past two years, bi-specific antibody candidates against immune checkpoints (PD-L1, PD-1, CTLA-4, etc) have increased significantly as well.

Competitive edges of bi-specific antibody drugs

Compared with existing monoclonal antibodies, bi-specific antibodies are designed to improve efficacy and enable novel and unique mechanisms of action.

Compared with existing monoclonal antibodies, bi-specific antibodies improve drug efficacy and can act as cytotoxic effector cell redirectors and engage tumour-associated antigens and immune cells, thereby redirecting immune cell cytotoxicity to antigen-expressing tumour cells. Similarly, bi-specific antibodies localize the pharmacological effects on immune responses to a tumour area, which improves efficacy as well as reduces the adverse effects possibly brought by systemic immunomodulation. In addition, bi-specific antibodies place targets into close proximity to trigger contacts between cells and initiate anti-tumour activities, resulting in effective cell killing. By designing two Fabs separately, bi-specific antibodies are able to identify different epitopes which are both present on tumours. The dual specificity of bi-specific antibodies creates additional therapeutic options for treating diseases that do not respond sufficiently to monoclonal antibodies. Bi-specific antibodies can also exhibit dual immunomodulation by recruiting two immune cells at a time, resulting in the blockade of inhibitory targets and depletion of suppressive cells.

Key success factors of bi-specific antibody platforms

Industrialized bi-specific antibody platforms are required to achieve high stability to enable large-scale commercialization-ready manufacturing capacity:

- ***High stability***. Bi-specific antibody platforms can produce structurally complex molecules at a commercial scale. These platforms cover plenty of steps, including structure design, devising appropriate cell lines, culturing and purification, to reach the final products. Moreover, bi-specific antibody platforms are industrialized with a high degree of stability to achieve a large-scale manufacturing capacity. Till now, only a few bi-specific antibody platforms are qualified and have been proved to be industrialized with high stability. Their enabled large-scale manufacturing capacity will be a key competitive advantage over other bi-specific antibody platforms.

- ***Effectiveness***. With proper design considerations, bi-specific antibody platforms enable the products to more easily meet the requirements of manufacturing processes. Special techniques used in designing, such as Fc substitution, "knob into hole" and finely adjusting charge distribution on two Fc chains, can effectively improve the formation probability of heterodimers. Therefore, the large-scale commercialization of bi-specific antibodies can be more easily achieved by the platforms with proper design considerations to solve Fc region mismatch and enhance the purity.

Different CMC quality considerations and toxicology studies required for bi-specific antibodies relative to monoclonal antibodies

Bi-specific antibodies can exist in many different formats, which allows them to be designed to match the proposed mechanism(s) of action and the intended clinical application. There are unique development considerations for diversified formats, such as stability and production yields, but in general the products should be characterized and the manufacturing processes should be developed in accordance with standard monoclonal antibody development practices. Quality attributes such as antigen specificity, affinity and on- and off- rates, avidity (for bi-specific antibodies that target two molecules on the same cell), potency, process-related impurities such as aggregates, fragments/homodimers, stability, and half-life may affect the pharmacology and should be studied.

Entry Barriers of Bi-specific Antibody Development

There are a number of challenges in developing bi-specific antibodies. One of the most difficult challenges is to reduce potential toxicity that is significantly intensified under a dual blockade mode, while still maintaining the efficacy advantages over monotherapies. Researchers and developers have to select a proper molecule structure that links the proposed mechanisms of action with clinical applications, or develop a better binding moiety, both of which require extensive protein engineering experience and a deep understanding of biotechnology. In addition, bi-specific antibodies with novel immune checkpoint inhibitors developed in a format that has not been fully validated also increase the risks of unwanted immunogenicity, short half-life and side effects.

Competitive Landscape

Major approved bi-specific antibodies globally

The below table sets forth the major approved bi-specific antibodies globally.

Biomarker	Approved drug	Company	Indications	First approval	Global sales in 2019 (million USD)
CD3xEpCAM	Removab (Catumaxomab)	Trion	• Malignant ascites in patients with EpCAM-positive carcinomas	2009.04	N/A*
CD3xCD19	Blincyto (Blinatumomab)	Amgen	• B-cell acute lymphoblastic leukemia • Relapse or refractory B-cell acute lymphoblastic leukemia	2014.12	312.0
Activated factor IX, factor X	Hemlibra (Emicizumab)	Roche	• Hemophilia A	2017.11	1,427.0

Note: *In 2013, Removab was voluntarily withdrawn from the US market. On 2 June 2017, the European Commission withdrew the marketing authorization for Removab in the EU.

Source: CIC

Major bi-specific antibody competitors of Company's bi-specific antibodies globally

The below tables set forth the clinical stage bi-specific antibody candidates targeting CD3×CD20 and EGFR×c-Met globally. Other than EpimAb's EGFR x cMet bi-specific antibody, which is under clinical development, there are no clinical stage bi-specific antibody candidates targeting the same targets in China.

CD3×CD20 bi-specific pipelines globally, as of 18 September 2020

Drug name	Sponsor/collaborators	Indications	Phase	First posted date
REGN1979	Regeneron Pharmaceuticals	B-cell Non-Hodgkin Lymphoma	Phase II	2019/3/25
REGN1979	Regeneron Pharmaceuticals	NHL, Chronic Lymphocytic Leukemia	Phase I	2014/11/14
REGN1979	Regeneron Pharmaceuticals	Lymphoma	Phase I	2016/1/11

EGFR×c-MET bi-specific pipelines globally, as of 18 September 2020

Drug name	Sponsor/collaborators	Indications	Phase	First posted date
EMB-01	EpimAb	Neoplasms, NSCLC	Phase 1/2	2019/1/9
JNJ-61186372 combo with Lazertinib	Janssen	Advanced NSCLC	Phase I	2019/9/4
JNJ-61186372	Janssen	NSCLC	Phase I	2015/11/20

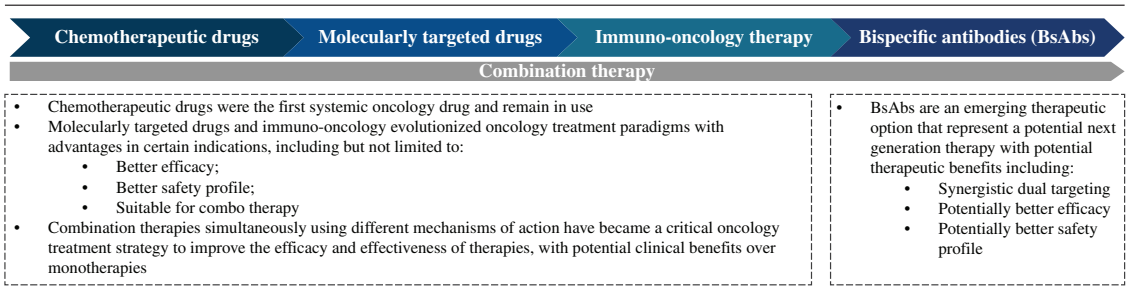
Source: CIC

OVERVIEW OF ONCOLOGY ANTIBODY DRUGS MARKET IN THE PRC

Oncology treatments have undergone significant development over the years, with chemotherapeutic drugs, targeted small molecule drugs and monoclonal antibodies becoming the major oncology treatments available to date. Chemotherapeutic drugs are the first systemic drugs to treat cancer. Although widely used in a broad range of indications, they frequently cause severe side effects. Since the early 2000s, there has been major progress in developing targeted small molecule drugs and monoclonal antibodies, which have revolutionized oncology treatments, many of which have become global blockbuster drugs. Targeted small molecule drugs generally interfere with specific intracellular signaling that drives tumor growth and metastasis. Monoclonal antibodies are the largest category of antibody drug market and are used in targeted therapy and immuno-oncology therapy, which target tumor-selective antigens with a high degree of target specificity, reducing off-target toxicity and side effects.

Different types of oncology drugs can be used in combination treatments to achieve better therapeutic effects. In recent years, combination therapies of two or more monoclonal antibodies, as well as monoclonal antibody-based therapy in combination with chemotherapeutic drugs and targeted small molecule drugs, have been increasingly used. In addition, research and development on bi-specific antibody drugs is also gaining popularity. The following diagram illustrates the evolution path of oncology drugs.

Development of oncology treatments



Source: CIC

The oncology treatment market is directly correlated to patient population. From 2014 to 2019, total cancer incidence in the PRC increased from 3.8 million to 4.5 million. Cancer incidence in the PRC is projected to reach 5.8 million by 2030. The following tables set forth the cancer incidence by cancer types in the PRC for the periods indicated.

Cancer incidence in China, by cancer types, 2014-2030E

Thousand patients

Cancer Types	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 2014-2019	CAGR 2019-2030
Lung	781.0	787.0	823.6	856.6	886.3	916.4	946.8	977.7	1,008.8	1,040.2	1,071.8	1,103.8	1,136.0	1,168.5	1,201.2	1,234.1	1,267.1	3.2%	3.0%
Stomach	410.0	403.0	435.1	459.5	482.5	500.3	514.1	525.0	533.6	542.1	550.5	558.9	567.2	575.4	583.6	591.7	599.8	4.1%	1.7%
Colon and rectum	370.0	388.0	399.2	410.6	422.1	433.8	445.6	457.5	469.6	481.8	494.1	506.6	519.1	531.9	544.7	557.7	570.8	3.2%	2.5%
Liver	365.0	370.0	389.5	406.6	421.5	434.4	447.5	460.6	473.8	487.1	500.4	513.8	527.2	540.7	554.2	567.8	581.3	3.5%	2.7%
Breast	279.0	304.0	308.8	311.5	321.2	330.5	339.3	347.6	355.5	362.9	369.9	376.4	382.4	388.0	393.2	398.0	402.4	3.4%	1.8%
Esophagus	258.0	246.0	272.3	295.5	315.6	332.8	347.4	359.6	370.9	381.3	390.9	399.6	407.5	414.7	421.2	427.0	432.2	5.2%	2.4%
Thyroid	170.0	201.0	202.4	203.7	206.6	209.5	212.3	215.0	217.6	220.2	222.7	225.2	227.6	229.9	232.1	234.2	236.3	4.3%	1.1%
Brain, CNS	101.0	106.0	109.9	112.8	115.7	118.3	120.8	123.1	125.2	127.2	129.0	130.6	132.2	133.5	134.8	135.9	136.9	3.2%	1.3%
Cervix	102.0	111.0	112.3	113.4	114.6	115.7	116.7	117.8	118.8	119.7	120.6	121.5	122.3	123.1	123.9	124.7	125.4	2.6%	0.7%
Pancreas	92.0	95.0	98.5	101.7	105.0	108.4	111.8	115.3	118.8	122.4	126.1	129.8	133.6	137.4	141.4	145.3	149.4	3.3%	3.0%
Top 10 Incidence	2,928.0	3,011.0	3,151.6	3,271.9	3,391.1	3,500.1	3,602.3	3,699.2	3,792.6	3,884.9	3,976.0	4,066.2	4,155.1	4,243.1	4,330.3	4,416.4	4,501.6	3.6%	2.3%
Bladder	78.0	81.4	84.6	87.9	89.7	94.4	97.7	101.1	104.4	107.7	111.1	114.4	117.8	121.1	124.4	127.7	131.0	3.9%	3.0%
Gallbladder	52.0	54.3	56.4	58.6	60.1	63.1	65.4	67.7	70.1	72.5	74.9	77.4	79.9	82.4	84.9	87.5	90.1	3.9%	3.3%
Ovary	51.0	53.1	55.0	55.5	56.7	57.9	59.0	60.0	61.0	61.9	62.8	63.6	64.3	65.0	65.7	66.2	66.8	2.6%	1.3%
Soft tissue sarcoma	46.9	47.9	48.9	49.9	50.9	51.9	52.9	53.9	54.9	55.9	56.9	57.9	58.9	59.9	60.9	61.9	62.9	2.0%	1.8%
Nasopharynx	45.0	46.6	47.4	47.6	48.0	50.3	51.2	52.0	52.9	53.7	54.5	55.3	56.0	56.7	57.4	58.1	58.8	2.3%	1.4%
Melanoma	7.0	7.3	7.6	7.9	7.9	8.3	8.5	8.7	8.9	9.1	9.3	9.4	9.6	9.8	10.0	10.1	10.3	3.5%	2.0%
Others	596.1	627.4	638.9	648.6	664.7	680.8	697.0	713.1	729.1	745.0	760.8	776.4	792.2	807.7	822.9	838.2	853.1	2.7%	2.1%
All cancer types	3,804.0	3,929.0	4,090.4	4,227.9	4,369.1	4,506.8	4,634.0	4,755.7	4,873.9	4,990.7	5,106.3	5,220.6	5,333.8	5,445.7	5,556.5	5,666.1	5,774.6	3.4%	2.3%

Source: NCCR; WHO; CIC

According to the CIC Report, the aggregate incidence of the ten most prevalent cancer types in the PRC accounted for 77.7% of the total cancer incidence, reaching 3.5 million in 2019. Lung, colorectal and breast cancers are among the most prevalent cancer types in the PRC. The oncology antibody drug market size for each specific indication is expected to be correlated to the relevant patient population and survival rate. The below table sets forth the five-year survival rates of the top five cancers in terms of incidence in the PRC for the periods indicated by cancer type.

5-year relative survival rates* of top 5 cancers in terms of incidence in PRC, by cancer type

Cancer Types	China, 2012-2015
Lung	19.7%
Stomach	35.1%
Colon and rectum	56.9%
Liver	12.1%
Breast	82.0%

Note: * 5-year relative survival rated describe the percentage of patients with a disease alive five years after the disease is diagnosed, divided by the percentage of the general population of corresponding sex and age alive after five years. The figures of the PRC are calculated on the basis of people diagnosed with cancer between 2012 and 2015.

Source: The Lancet; CIC

Overview of Immune Checkpoint Inhibitors Against PD-(L)1 in the PRC

Immuno-oncology therapy represents a transformational advancement of the oncology treatment paradigm. Immuno-oncology therapy stimulates the patient's own immune system to generate or augment anti-tumor immune responses to fight against cancer cells. Major types of immuno-oncology therapies include immune checkpoint inhibitors, cytokines, adoptive T-cell therapies and cancer vaccines. In recent years, immune checkpoint inhibitors have garnered attention as one of the most promising types of immuno-oncology therapies. Immune checkpoint inhibitors in the form of monoclonal antibodies against three validated targets, i.e., PD-1, PD-L1 and CTLA-4, are among the major immune-oncology therapies. Currently available clinical data suggest that almost all of the 10 most prevalent cancer types in the PRC and the United States proved to be the most responsive to immune checkpoint inhibitors. To date, the indication coverage of immune checkpoint inhibitors has been continuously expanded in line with increasing clinical trials worldwide.

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

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

To date, there are eight PD-(L)1 inhibitors approved in the PRC. All of these are monoclonal antibodies. The following table sets forth the details of the eight approved PD-(L)1 inhibitors in the PRC as of 18 September 2020. The CDE released guidance in February 2018 on the requirements for NDA submissions of PD-(L)1 drug candidates, specifically for data from single-arm trials on r/r advanced cancers without standard-of-care therapies. A pre-NDA meeting is required before the NDA submission, and a rolling NDA submission will be accepted for PD-(L)1 therapies.

Approved PD-(L)1 inhibitors, by the NMPA

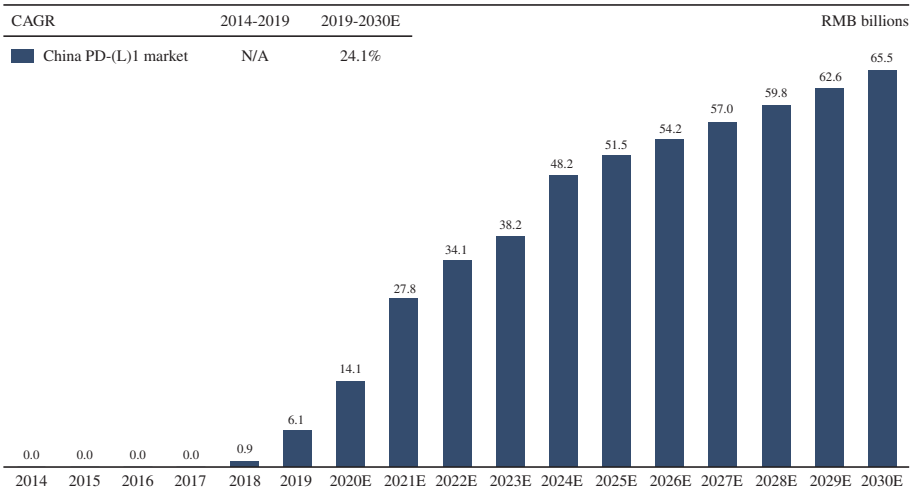
Trade name (Generic name)	Company	Immune checkpoint	Number of indications	Indications	Treatment line	Approval date
Opdivo (Nivolumab)	BMS	PD-1	3	EGFR/ALK negative locally advanced or metastatic NSCLC	2L	Jun 15, 2018
				Recurrent or metastatic head and neck squamous cell carcinoma	2L	Sep 30, 2019
				Advanced or recurrent stomach cancer or esophagogastric junction adenocarcinoma	≥3L	Mar 13, 2020
Keytruda (Pembrolizumab)	MSD	PD-1	5	Unresectable or metastatic melanoma	2L	Jul 26, 2018
				EGFR/ALK negative metastatic non-squamous NSCLC	1L (with combo)	Mar 28, 2019
				EGFR/ALK negative metastatic NSCLC	1L	Sep 30, 2019
				Metastatic squamous NSCLC	1L (with combo)	Nov 27, 2019
				Esophageal cancer	2L	Jun 19, 2019
拓益 (Toripalimab)	Junshi	PD-1	1	Unresectable, metastatic malignant melanoma	≥2L	Dec 17, 2018
达伯舒 (Sintilimab)	Innovent	PD-1	1	Refractory Hodgkin's lymphoma	3L	Dec 27, 2018
艾瑞卡 (Camrelizumab)	Hengrui	PD-1	4	Refractory Hodgkin's lymphoma	3L	May 29, 2019
				Liver cancer	2L	Mar 7, 2020
				Late stage esophageal squamous cell carcinoma	2L	Jun 19, 2020
				Late stage non-squamous NSCLC	1L (with combo)	Jun 19, 2020
百泽安 (Tislelizumab)	BeiGene	PD-1	2	Refractory or relapsed classical Hodgkin's lymphoma	3L	Dec 28, 2019
				Late stage or metastatic Urothelial carcinoma	2L	Apr10, 2020
Imfinzi (Durvalumab)	AstraZeneca	PD-L1	1	Advanced NSCLC	2L	Dec 9, 2019
Tecentriq (Atezolizumab)	Roche	PD-L1	1	SCLC	1L(with combo)	Feb 13, 2020

Source: CDE; CIC

Market Size of PD-(L)1 Inhibitors in the PRC

The first two blockbuster PD-1 inhibitors, Opdivo and Keytruda, were approved by the NMPA in June and July 2018, respectively. Currently, there are six PD-1 inhibitors and two PD-L1 inhibitors in the PRC market and 33 more PD-(L)1 inhibitors under clinical trials, including 18 PD-1 inhibitors and 15 PD-L1 inhibitors. Considering the growing cancer patient population eligible for PD-(L)1 inhibitor treatment in line with expanding indications as well as the increasing accessibility, affordability and acceptance among patients and physicians of PD-(L)1 inhibitors, the total market size of PD-(L)1 inhibitors in the PRC is projected to grow from RMB6.1 billion in 2019 to RMB65.5 billion in 2030, representing a CAGR of 24.1%. The following table sets forth the details of the market size of PD-(L)1 inhibitor in the PRC.

China PD-(L)1 inhibitor market, 2014-2030E



Source: CIC

Market Drivers and Future Trends of the PRC PD-(L)1 Inhibitor Market

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

- *Enlarging patient pool*. Incidence of cancer amounted to 4.5 million in 2019 and is projected to reach 5.8 million in 2030 and many new cancer patients are at risk for recurrence, metastasis and disease progression. For example, nearly 30% of patients with CRC will have metastases at the time of diagnosis, and more than 50% of patients with CRC develop metastatic disease during the course of their disease. Cancer treatment features high cost and long-term medication demand. Since PD-(L)1 inhibitors have demonstrated better efficacy and safety profiles than traditional chemotherapy and radiotherapy in the treatment of cancer, especially for some patients experiencing recurrence or relapse cancers, the increasing prevalence of cancer is expected to drive the demands for PD-(L)1 inhibitors.

- *Increasing clinical use of immune-oncology therapy*. The development of PD-(L)1 inhibitors increasingly focuses on indications with unmet medical needs, especially those with sizeable patients or growing incidence rates, such as PTCL and cervical cancer in the PRC. In addition, there is a trend to use PD-(L)1 as maintenance therapy to avoid recurrent/refractory cancers, which in turn contributes to greater usage of PD-(L)1 inhibitors. Due to a better efficacy and safety profile, PD-(L)1 inhibitors are emerging as the standard of care for a number of advanced-stage cancers, such as first-line treatment for melanoma and NSCLC, leading to a wider patient coverage for approved indications. In addition, the improved PFS and overall survival benefit in a number of major cancer types enable a longer treatment period and further increase demand for such drugs.

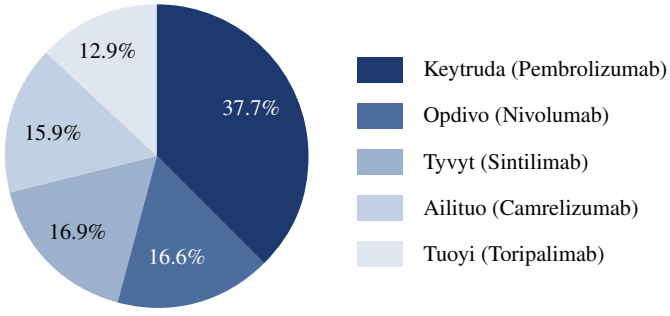
- *Improved affordability*. In the PRC, the PD-(L)1 inhibitor market is also driven by improved affordability. Increasing per capita disposable income and per capita healthcare expenditure (including the increasing purchase of private insurance), the development of the PRC's national reimbursement system and the price reduction after NRDL inclusion are factors that contribute to greater affordability of these relatively costly drugs for patients, thereby fueling market growth. For example, in 2019, Innovent's Tyvyt (sintilimab) was included in the NRDL. It was the first PD-1 inhibitor incorporated into the NRDL and had a considerable price reduction of 63.7% from RMB7,838 to RMB2,843 per 100 mg after NRDL inclusion.

- *Emerging combination strategy*. Combination therapies with immune checkpoint inhibitors as components are expected to improve the response rate and durability of monotherapies of the inhibitors, leading to potentially better efficacy for approved indications and efficacy in cancer types currently without effective treatments. As of 18 September 2020, there were 10 clinical trials with a PD-(L)1 inhibitor as a component in a combination therapy in the PRC. The development of combination therapy increases the market potential for PD-(L)1 inhibitors.

Competitive Landscape

As of 18 September 2020, six PD-1 inhibitors were approved in the PRC, namely, BMS's Opdivo, Merck's Keytruda, Junshi's Tuoyi, Innovent's Tyvyt, Hengrui's Ailituo and BeiGene's Vidaza, and two PD-L1 inhibitors were approved in the PRC, namely, AstraZeneca's Imfinzi and Roche's Tecentriq. The below diagram illustrates the market share of PD-1 inhibitors in China in 2019 in terms of sales revenue.

Market share of PD-1 inhibitors in China, in terms of sales revenue, 2019



Source: CIC

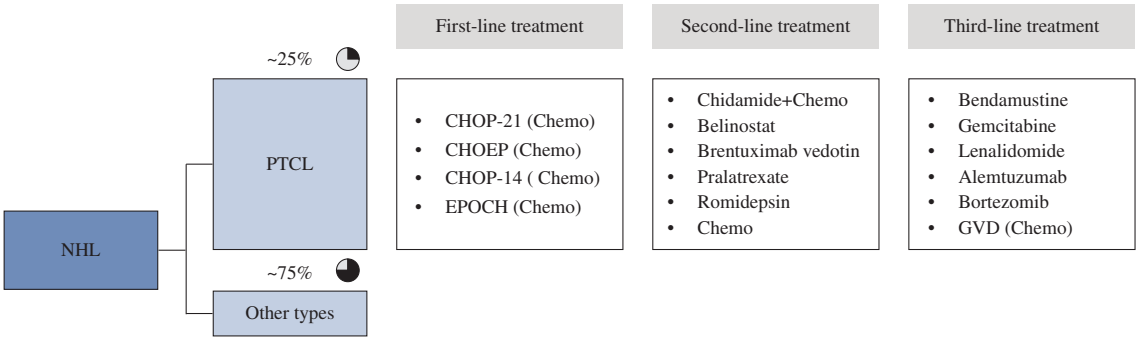
Since the NMPA's new drug application priority review policy was officially implemented on 26 February 2016, more policies have been introduced to clarify the details of priority approval of innovative drugs over the past two years, such as the Opinions of the General Administration on Encouraging Drug Innovation to Implement Priority Review and Approval (《總局關於鼓勵藥品創新實行優先審評審批的意見》), which was published in December 2017, and the Priority Review and Approval Procedures (《優先審評審批工作程序》), which was published in November 2019. Currently, the time limit for priority review and NDA approval is 120 days for drugs that have been included in the priority review process. The time limit for priority review and NDA approval is 60 days for drugs that are urgently needed for clinical use or target specific rare diseases. Over 35 chemical new drugs and 27 biologics had been approved through the priority review process as of 22 June 2020. By indication, oncology drugs represented over 40% among all drugs approved through the priority review process. For example, the review process of MSD's Keytruda took 94 days, the review process of Roche's tocilizumab took only 25 days. Moreover, all PD-1 drugs from domestic biotechnology companies are included in the priority review process, as well as rituximab and adalimumab biosimilars. The average time spent on the priority review process for these drugs is around 300 days.

Indications and Pipelines

PTCL

PTCL is a fast-growing cancer that develops from T-cells, accounting for approximately 25% of the total NHL incidence in China. In 2019, the incidence of PTCL in China reached 22.6 thousand cases. Before 2014, chemotherapies were the main treatments for PTCL. The approval of Epidaza, an HDAC inhibitor, has enriched the targeted therapies for PTCL in China. However, there is currently no immuno-therapy approved in China for PTCL. The below diagram sets forth the treatment path of PTCL.

Treatment path of PTCL



Source: CSCO; CIC

The table below summarizes the PD-(L)1 inhibitor pipeline for PTCL registered with the NMPA as of 18 September 2020.

Drug name	Target	Sponsor/collaborators	Indications	Phase	First posted date
GB226	PD-1	Genor Biopharma	Relapsed and refractory PTCL	NDA	2020/7/21
AK104*	PD-1/CTLA-4	Akesobio	Relapsed and refractory PTCL	Phase Ib/II	2020/1/13
F520	PD-1	Lunan Pharmaceutical Group	Relapsed and refractory PTCL	Phase II	2020/8/4

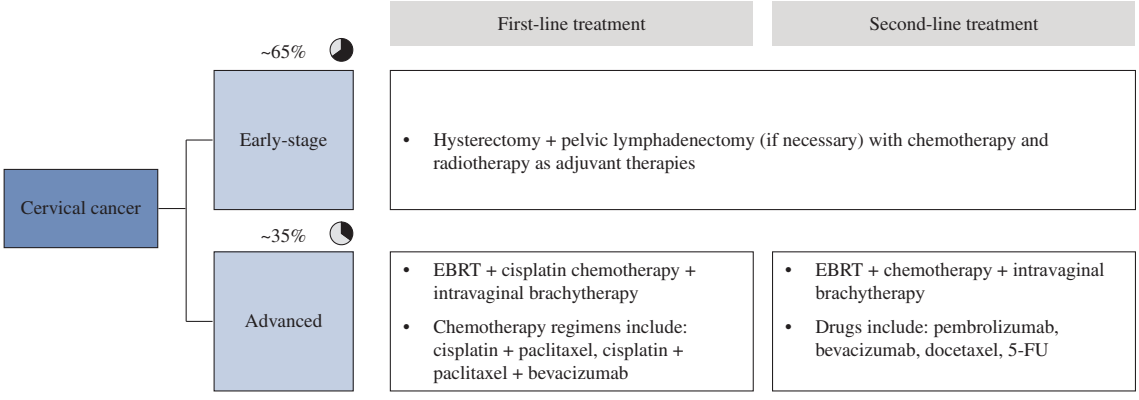
Note: *AK104 is a PD-1/CTLA-4 BsAb

Source: CDE; CIC

Cervical Cancer

Cervical cancer is the second most frequent cancer in women. The main treatment for advanced cervical cancer is radiotherapy such as external beam radiation therapy (EBRT) with adjuvant chemotherapy. Chemotherapy mainly adopts platinum-containing monotherapy or combination therapy. According to the CSCO guidelines for cervical cancer, bevacizumab is recommended to be used in both first- and second- line treatments. The below diagram sets forth the treatment path of cervical cancer.

Treatment path of cervical cancer



Source: CSCO; CIC

The table below summarizes the PD-(L)1 inhibitor pipeline for cervical cancer registered with the NMPA as of 18 September 2020.

Drug name	Target	Sponsor/collaborators	Indications	Phase	First posted date
Durvalumab	PD-L1	AstraZeneca	Locally advanced cervical cancer	Phase III	2020/4/9
Keytruda	PD-1	MSD	Locally advanced cervical cancer	Phase III	2020/7/22
GB226	PD-1	Genor Biopharma	PD-L1 positive relapsed or metastatic cervical cancer that fails platinum-based chemotherapy	Phase II	2018/12/19
				Phase II	2019/3/8
GLS-010	PD-1	Harbin Gloria Pharmaceutical	Relapsed or metastatic cervical cancer	Phase II	2019/5/15
HLX10	PD-1	Henlius	Advanced cervical cancer	Phase II	2019/12/6
Recombinant PD-L1 monoclonal antibody	PD-L1	Zhaoke Oncology	Cervical cancer	Phase I	2018/7/2

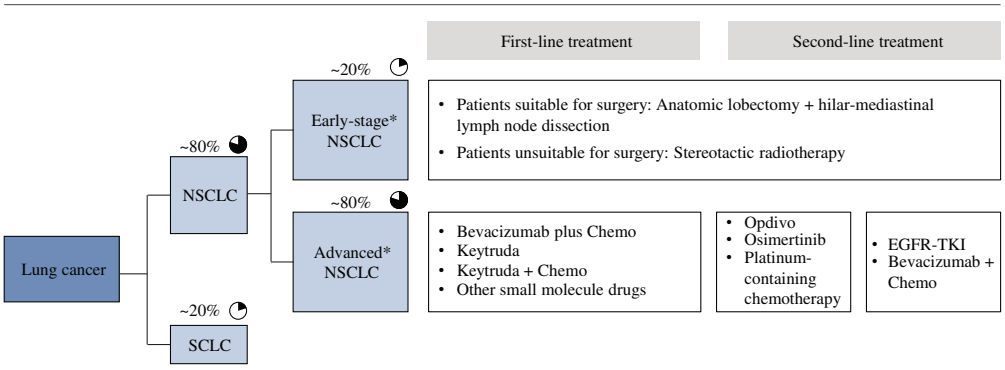
Source: CDE; CIC

NSCLC

NSCLC is the most common cancer in China. More than 916 thousand patients were newly diagnosed with lung cancer in 2019, and over 80% of them were diagnosed with NSCLC. The main subtypes of NSCLC are adenocarcinoma, squamous cell carcinoma, and large cell carcinoma. These subtypes are grouped together as NSCLC because their treatment and prognoses are often similar.

There are various treatment plans for NSCLC. Among late stage NSCLC patients positive for specific driver genes, such as EGFR+, ALK+ and ROS1+, targeted therapy is the standard first-line treatment for these patients. For the remaining late stage NSCLC patients (about 50% of all late stage NSCLC), immuno-therapy is the first-line treatment plan. Keytruda is already used in these patients. Current research shows that for NSCLC patients positive for specific driver genes, immune-therapy may still play an important role in second- and third- line treatments. The below diagram sets forth the treatment path of NSCLC.

Treatment path of NSCLC



Note: *Early stage: stage I and stage II; advanced stage: stage III and stage IV

Source: CSCO; CIC

The table below summarizes the PD-(L)1 inhibitor pipeline for EGFR+ NSCLC registered with the NMPA as of 18 September 2020.

NMPA-registered EGFR+ NSCLC PD-1 pipeline

Drug name	Target	Sponsor /collaborators	Indications	Phase	First posted date
Opdivo	PD-1	BMS	Advanced or metastatic EGFR-mutated and T790M negative NSCLC with first line EGFR-TKI treatment failure	Phase III	2017/6/29
Keytruda	PD-1	MSD	EGFR-mutated and TKI-resistant metastatic NSCLC	Phase III	2018/10/22
JS001*	PD-1	Junshi	EGFR-mutated NSCLC with EGFR-TKI treatment failure	Phase III	2019/4/19
			Advanced or relapse EGFR-mutated and T790M negative NSCLC with EGFR-TKI treatment failure	Phase II	2018/3/6
GB226**	PD-1	Genor Biopharma Co., Ltd.	Recurrent or metastatic NSCLC with EGFR-TKI treatment failure	Phase I	2018/11/27

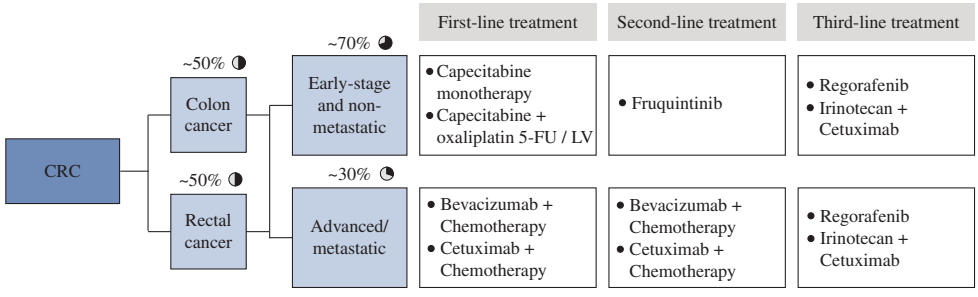
Notes: * Combination with chemotherapy
** Combination with fruquintinib

Source: CDE; CIC

mCRC

Colorectal cancer is also named colon cancer or rectal cancer, depending on where the disease starts. About 30% of colorectal cancers are metastatic colorectal cancer (mCRC). According to the CSCO guidelines for mCRC, bevacizumab plus chemotherapy is recommended to be used in both first- and second- line treatments. Besides, PD-(L)1 therapy in third-line mCRC treatment has already been proven effective in clinical trials in the United States. In China, the PD-(L)1 drug clinical trials registered for mCRC are limited, with only four candidates. It is expected that with the approval of PD-(L)1 therapy by the FDA, the approval speed for mCRC in China might speed up. The below diagram sets forth the treatment path of mCRC cancer.

Treatment path of mCRC



Source: CSCO; CIC

The table below summarizes the PD-(L)1 inhibitor pipeline for mCRC registered with the NMPA as of 18 September 2020.

Drug name	Target	Sponsor/ collaborators	Indications	Phase	First posted date
KN035	PD-L1	Alphamab	Advanced colorectal cancer	Phase II	2018/7/25
Opdivo*	PD-1	BMS	Metastatic colorectal cancer	Phase III	2020/6/23
GB226**	PD-L1	Genor Biopharma	Metastatic colorectal cancer	Phase I	2019/1/7
GB226***			Metastatic colorectal cancer	Phase I	2019/1/8
SCT-I10A****	PD-1	Sinocelltech Ltd.	Advanced esophageal squamous cell carcinoma and colorectal cancer	Phase I	2020/3/18

Notes: * Combination with Ipilimumab
** Combination with fruquintinib
*** Combination with chemotherapy
**** Combination with SCT200 or combination with SCT200 and chemotherapy

Source: *CDE; CIC*

Pricing and Reimbursement

In 2019, Innovent's Tyvyt (sintilimab) was included in the NRDL. It was the first PD-1 inhibitor included into the NRDL and had a considerable price reduction of 63.7% from RMB7,838 to RMB2,843 per 100 mg after NRDL inclusion.

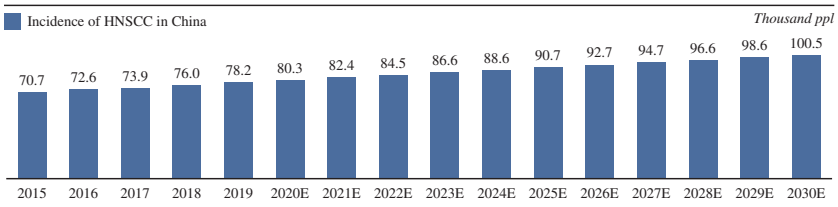
Introduction in cGAS–STING–TBK1 Pathway in Cancer Immunotherapy

STING (also known as TMEM173, MITA, ERIS, and MPYS) is an endoplasmic reticulum (ER) dimeric adaptor protein with 42 kDa 379 amino acids (aa). It contains a transmembrane region (TM1-4, aa 1-154), a cyclic dinucleotide (CDN)-binding domain (CBD, aa 155-341) and a C-terminal tail (CTT, aa 342-379). STING is expressed in various endothelial and epithelial cells, as well as in hematopoietic cells, such as T cells, macrophages and DCs, and acts as a master regulator of type I interferon (IFN) production and the innate immune system. In tumor settings, STING is the major mediator of innate immune sensing of cancerous cells. cGAS, STING and TBK1 are the key effectors involved in host defense, and the cGAS–STING–TBK1 axis is now appreciated as the major signaling pathway in the immune response across different species. Multiple studies shows that STING agonist may be used as a new immune stimulatory therapy and enhance the efficacy of cancer immunity cycle.

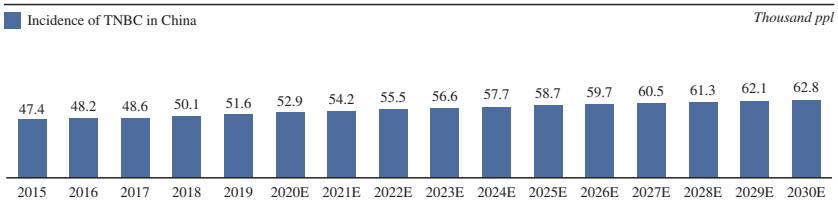
For instance, HNSCC and TNBC have limited treatment options with over 106 thousand annual incidence in China combined in 2019. Studies have shown that immunotherapy shows some effect in advanced stage patients of both types of cancer. Around 67% of HNSCC patients and 55% of TNBC patients have PD-(L)1 expression and may benefits from immunotherapy.

The following diagrams set forth HNSCC and TNBC incidence in the PRC from 2015 to 2019 and the estimated market size from 2020 to 2030.

Incidence of HNSCC in China



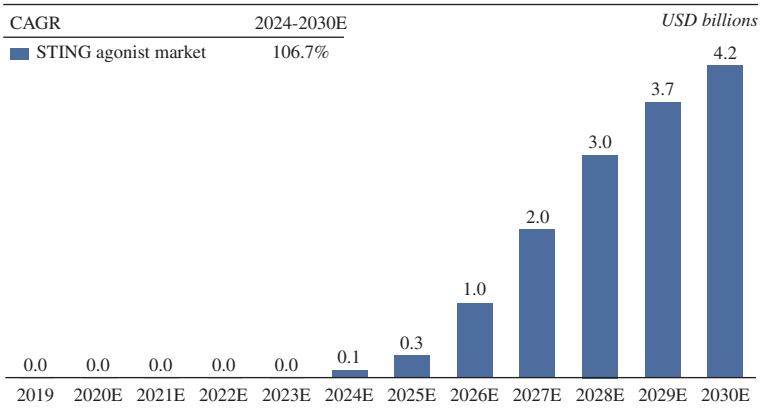
Incidence of TNBC in China



Source: CIC

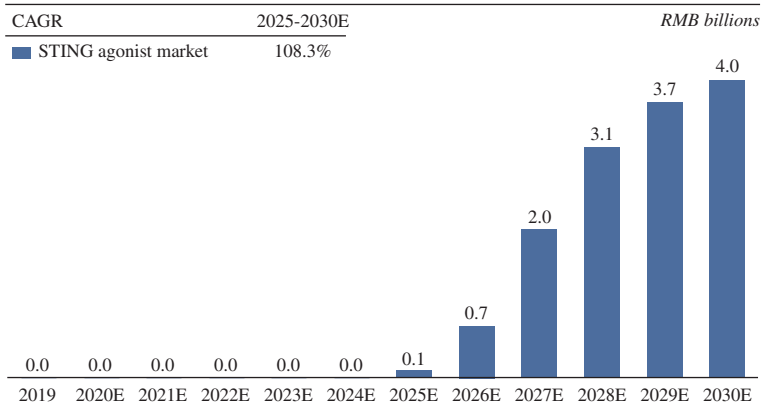
STING agonist, as an immune stimulatory therapy, may further increase the response of immune checkpoint inhibitors for these patients. Combo use of STING agonist and immune checkpoint inhibitors has the opportunity to be the new treatment options for these patients and fulfill unmet medical needs. The below diagram illustrates the market size of STING agonist globally and in China, respectively, in 2019 and the estimated market size from 2020 to 2030.

Global market sizes of STING agonist, 2019-2030E



Source: CIC

Market sizes of STING agonist in China, 2019-2030E



Source: CIC

Global Pipeline of STING Agonist

Global leading biopharma companies in immune-oncology area such as MSD and BMS already started STING agonist combination trials with in-house PD-1 inhibitors.

The chart below summarizes the global STING agonist pipeline as of 18 September 2020:

Drug	Company	Indication	Phase	First posted date	NCT number	Combo/mono
MK-1454	MSD	HNSCC	Phase 2	1/7/2020	NCT04220866	combo with Keytruda
		Solid Tumors, Lymphoma	Phase 1	1/4/2017	NCT03010176	combo with Keytruda
BMS-986301	BMS	Advanced Solid Cancers	Phase 1	5/21/2019	NCT03956680	combo with Opdivo or ipilimumab
IMSA101	ImmuneSensor Therapeutics/Genor	Solid Tumor	Phase 1/2	7/15/2019	NCT04020185	combo with ICI*
MIW815/ ADU-S100	Aduro Biotech, Inc.	Metastatic/Recurrent Head and Neck Cancer	Phase 2	5/3/2019	NCT03937141	combo with Keytruda
		Advanced/Metastatic Solid Tumors or Lymphomas	Phase 1	2/5/2016	NCT02675439	combo with ipilimumab
		Solid Tumors and Lymphomas	Phase 1	6/1/2017	NCT03172936	combo with PDR001 (PD-1)
SB11285	Spring Bank Pharmaceuticals	Melanoma, HNSCC, Solid Tumor	Phase 1	9/20/2019	NCT04096638	combo with Opdivo
GSK3745417	GSK	Neoplasms	Phase 1	2/18/2019	NCT03843359	combo with Keytruda
E7766	Eisai Inc.	Urinary Bladder Neoplasms	Phase 1	9/30/2019	NCT04109092	mono
		Lymphoma Advanced Solid Tumors	Phase 1	10/30/2019	NCT04144140	mono

Note: * Immune checkpoint inhibitors

Source: FDA; clinicaltrials.gov; CIC

Currently, there is no NMPA-registered STING agonist pipeline drugs in China.

Overview of HER2 Antibody Drug Market in the PRC

Overview of Breast Cancer

Incidence of breast cancer in the PRC increased from 304 thousand in 2015 to 331 thousand in 2019 and is projected to reach 402 thousand in 2030. Approximately 90% of newly diagnosed breast cancer patients are under Stages I to III, about 30% of whom will experience a recurrence. The discovery of the Human epidermal growth factor receptor 2 (HER2) biomarker has great significance for the diagnosis and treatment of breast cancer. HER2 is a validated molecular target for cancer therapy. Over-expression of HER2 proteins has been shown to play a critical role in the progression of malignancies, especially breast cancer. The level of overexpression of HER2 in tumors can be classified into HER2 High, HER2 Intermediate and HER2 Low by reference to immunohistochemistry (IHC) or fluorescence *in situ* hybridization (FISH) standards. Cancers with HER2 High expression are expected to be the most sensitive to anti-HER2 monoclonal antibodies. The ratio of HER2 high expression patients in breast cancer ranges from 15% to 30%. For the treatment path of HER2+ breast cancer, see "– Overview of CDK4/6 Inhibitor Market in the PRC – Overview of Breast Cancer."

Introduction of HER2 Monoclonal Antibodies and ADCs

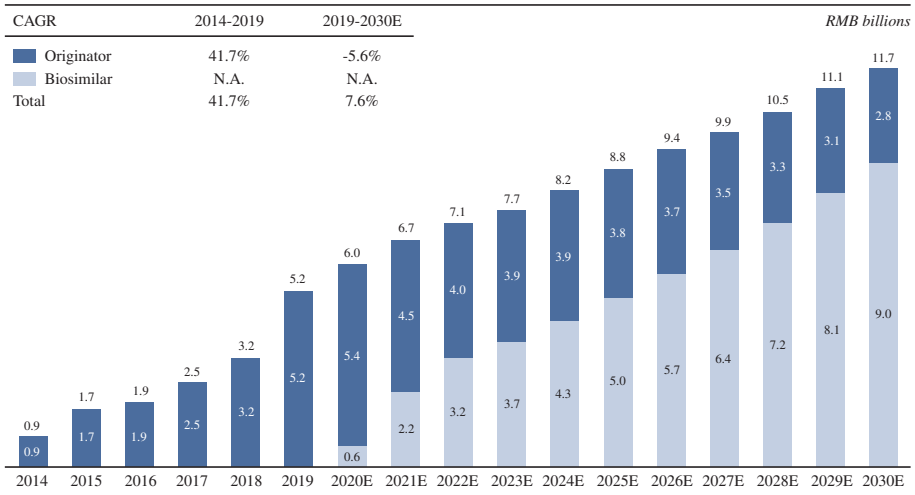
Anti-HER2 monoclonal antibodies and ADCs have now become a standard therapy for breast cancer. There are two anti-HER2 monoclonal antibodies, namely Trastuzumab and Pertuzumab, and two ADCs, T-DM1 and trastuzumab deruxtecan, that are being used for breast cancer. Herceptin (Trastuzumab), Perjeta (Pertuzumab), Kadcyla(T-DM1), and Enhertu (trastuzumab deruxtecan) were approved in the United States in 1998, 2012, 2013, and 2019, respectively. Herceptin, Perjeta and Kadcyla were approved in the PRC in 2002, 2018 and 2020, respectively.

Kadcyla was designed to deliver emtansine, which disrupts the way cells grow, to cancer cells in a targeted way by attaching emtansine to Herceptin. In this way, the emtansine carried by Herceptin is less toxic to healthy cells and more effective in treating cancer cells. It is projected that more ADCs will be developed in the future and ADCs will make up a more important part of anti-HER2 antibody drugs.

HER2 Monoclonal Antibody and ADC Market in the PRC

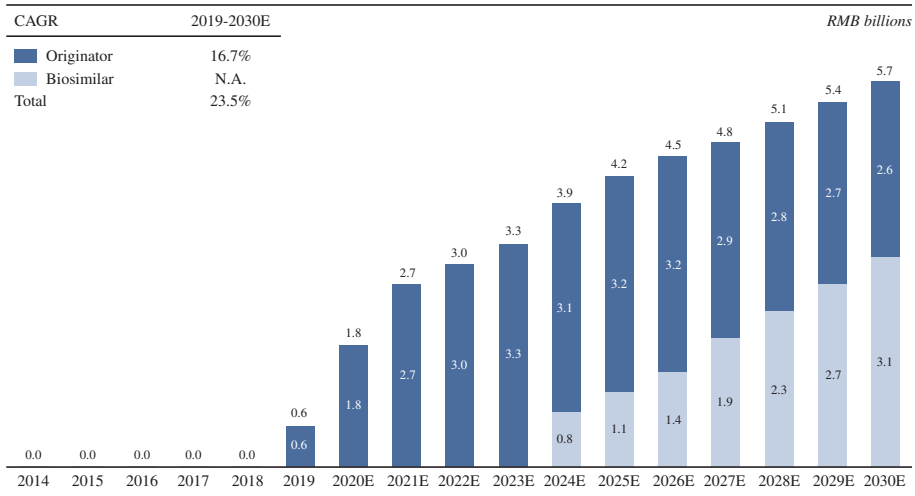
In 2019, the sales revenue of anti-HER2 monoclonal antibodies and ADCs reached CHF$4.9 billion in the United States, and the sales revenue of Herceptin and Perjeta reached RMB5.8 billion in the PRC. The below diagram illustrates the market size of anti-HER2 monoclonal antibodies and ADCs in the PRC from 2014 to 2019 and the estimated market size from 2020 to 2030.

Market size of China Trastuzumab market, 2014-2030E



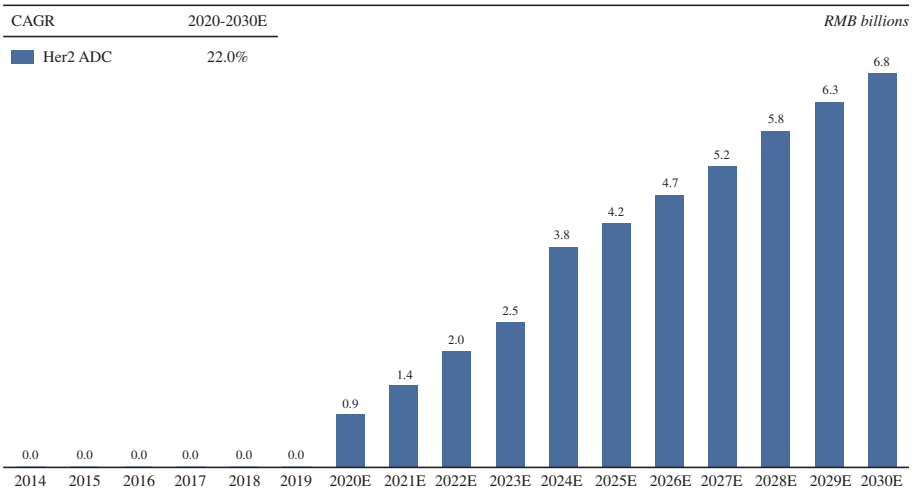
Source: CIC

Market size of China Pertuzumab market, 2014-2030E



Source: CIC

Market size of China HER2 ADC market, 2014-2030E



Source: CIC

Competitive Landscape

Herceptin and Perjeta were approved in the PRC in 2002 and 2018, respectively, and were included in the NRDL in 2017 and 2019, respectively. Kadcyla was approved in the PRC in January 2020. Currently, combination therapies of Herceptin and Perjeta are the first-line standard treatment for HER2+ breast cancer patients.

The chart below summarizes the approved and HER2 antibody drug pipeline at late clinical stage for breast cancer registered with the NMPA as of 18 September 2020:

Drug name	Sponsor/collaborators	Indications	Phase	First posted date
Inetetamab	Sunshine Guojian	HER2-positive metastatic breast cancer	Approved	2020/6/19
HLX02	Henlius	HER2-overexpressed metastatic breast cancer	Approved	2020/8/14
GB221	Genor Biopharma	HER2-positive advanced breast cancer	Phase 3	2016/9/28
		HER2-positive recurrent or metastatic breast cancer	Phase 3	2018/4/19
BAT8001 (HER2 ADC)	Bio-Thera Solutions	HER2-positive advanced breast cancer	Phase 3	2018/2/22
HS022	Zhejiang Hisun Biomaterials	Breast cancer	Phase 3	2018/4/8
TQ-B211	CTTQ	HER2-positive metastatic breast cancer	Phase 3	2018/10/29
HL02	Hualan Bio	HER2-positive metastatic breast cancer	Phase 3	2019/4/26
Recombinant human HER2 monoclonal antibody	Anhui Anke Biotechnology (Group)	HER2-positive breast cancer	Phase 3	2019/5/23
SIBP-01	Shanghai Pharmaceuticals Holding	HER2-positive breast cancer	Phase 3	2019/6/5
DS8201a (HER2 ADC)	Daiichi Sankyo	HER2-positive metastatic breast cancer	Phase 3	2019/10/21
RC48 (HER2 ADC)	RemeGen	HER2 low expression locally advanced or metastatic breast cancer	Phase 3	2020/5/11
TAA013 (HER2 ADC)	TOT Biopharm	HER2-positive metastatic breast cancer	Phase 3	2020/6/3

Source: CDE; CIC

There are several trastuzumab-based drugs from other pharmaceutical companies in the PRC that are expected to enter the market in the near future.

Pricing and Reimbursement

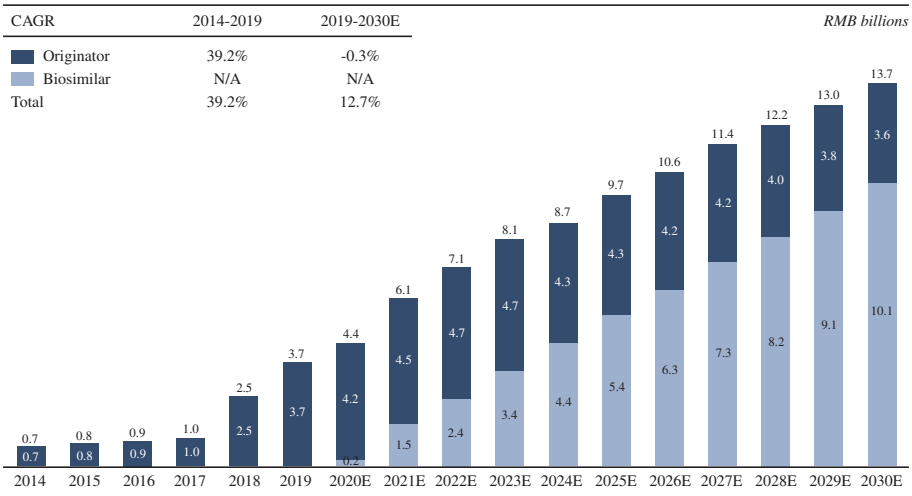
In 2017, Herceptin was added into the NRDL through negotiation with discount up to 69.0%, and the price decreased from RMB24,500 per 440 mg to RMB7,600 per 440 mg. After the 2019 NRDL negotiation, the price of Herceptin further decreased to RMB5,500 per 440 mg. In 2019, Perjeta was successfully included into the 2020 NRDL through negotiation. The price of Perjeta decreased by 73.6% from RMB18,800 per 420 mg to RMB4,955 after NRDL inclusion. The list prices of Herceptin, Perjeta, Kadcyla and Enhertu in the United States are US$1,636.5 per 150 mg, US$5,534.4 per 420 mg, US$3,302.8 per 100 mg and US$2,406.5 per 100 mg, respectively.

The sales volume of Herceptin in China increased rapidly after it was added into NRDL. In 2017, the sales volume of Herceptin was about 110 thousand vail (440mg/vail) annually, while in 2019, the sales volume increased to over 900 thousand vail annually (440mg/vail).

Overview of Bevacizumab Market in the PRC

The below diagram illustrates the market size of bevacizumab in the PRC from 2014 to 2019 and the estimated market size from 2020 to 2030.

China bevacizumab market, 2014-2030E



Source: CIC

Bevacizumab is widely used in the treatment of different cancers, including NSCLC, mCRC, GBM and RCC. For late stage non-squamous NSCLC patients, bevacizumab is the drug for first-line treatment. RAS mutation is present in roughly 45% of patients with mCRC, and NRAS mutation occur in about 5% of mCRC cases. For these mCRC patients, bevacizumab is also the drug for first-line treatment.

Currently, there is no available monoclonal antibody approved for GBM in the PRC. In the United States, Avastin was approved for recurrent GBM by the FDA in 2017.

OVERVIEW OF RANKL MONOCLONAL ANTIBODIES

The cell surface receptor named RANK (for receptor activator of NFkB) prods osteoclast precursor cells to develop into fully differentiated osteoclasts when RANK is activated by its cognate partner RANK ligand (RANKL). RANKL is produced by osteoblasts and is one of many signaling molecules that facilitate the cross-talk between osteoblasts and osteoclasts and coordinate bone remodeling. Osteoprotegerin (OPG), another protein released by osteoblasts, can also bind to RANKL, acting as a decoy to prevent RANK and RANKL from coming into contact. Anti-RANKL drugs inhibit the maturation of osteoclasts by binding to RANKL, which mimics the natural action of OPG. This protects the bone from degradation and helps to treat osteoporosis.

Prolia and Xgeva represent the first generation anti-RANKL agents, both containing the same active ingredient, denosumab. Prolia is approved for osteoporosis in women after menopause who are at high risk for bone fracture or cannot use other osteoporosis medicine or for whom other osteoporosis medicines did not work well. Xgeva is used to prevent bone fracture, spinal cord compression, or the need for radiation or surgery to bone in patients with multiple myeloma and in patients with bone metastases from solid tumors. They were both approved by the FDA in 2010. In May 2019, Xgeva was approved by the NMPA for the use of unresectable GCTB.

Overview of GCTB

GCTB is a common primary bone tumor in China, accounting for about 11.6% of primary bone tumors, and is often considered benign. However, it is a problematic disease due to its strong local invasiveness, high potential for malignancy, high rate of local recurrence and possibility to metastasize. Patients with GCTB normally have a long survival time. If resectable, surgery is the most important treatment method for GCTB. For unresectable, recurrent or metastatic GCTB, pharmacologic therapy is a mainstream treatment method. In June 2013, the FDA approved denosumab for unresectable GCTB. In May 2019, the NMPA approved denosumab for unresectable GCTB under the overseas fast-track scheme without local clinical trial data.

Overview of PMO

Osteoporosis is the most common bone disease, characterized by low bone mass and structural deterioration of bone tissue, leading to bone fragility and an increased risk of fractures. Two categories of osteoporosis have been identified: primary osteoporosis and secondary osteoporosis. Primary osteoporosis includes PMO (type I), senile osteoporosis (type II), and idiopathic osteoporosis (including adolescent type).

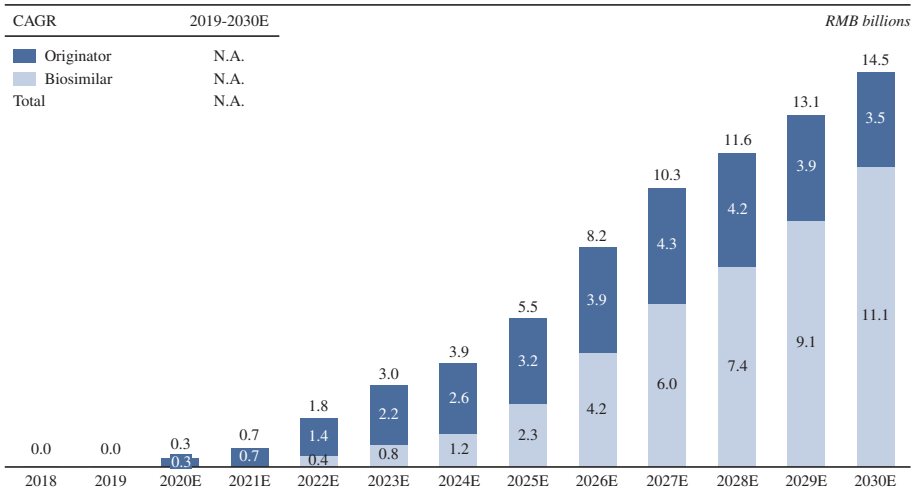
PMO is an age-related disease, which generally develops after natural or surgical menopause, when estrogen levels drop precipitously. These changes lead to bone loss, usually in the trabecular (spongy) bone inside the hard cortical bone. According to the results of the first Chinese osteoporosis epidemiological survey disclosed by the National Health Commission, osteoporosis has become a significant health problem for middle and old aged people in the PRC, especially among middle and old aged women. Prevalence rate of osteoporosis is estimated at 19.2% in people over 50 years old, and prevalence rate in women over 50 years old is 32.1%, which is much higher than the 6% prevalence rate in men of the same age.

Bisphosphonates are the most widely used drugs for treating osteoporosis by preventing bone resorption. On 19 June 2020, Prolia became the first antibody drug approved for PMO treatment by NMPA.

Market Size of Denosumab

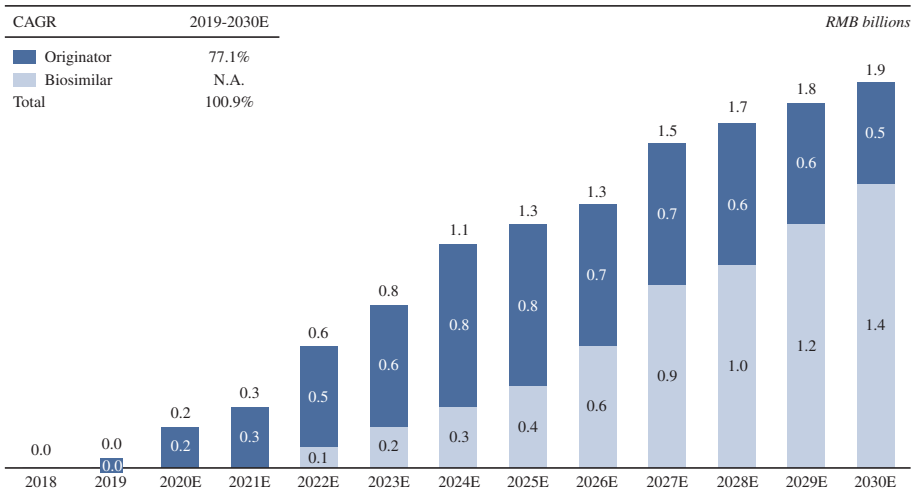
The below diagram illustrates the market size of denosumab in the PRC.

Market size of China Denosumab (PMO) market, 2014-2030E



Source: CIC

Market size of China Denosumab (GCTB and bone metastases from solid tumor) market, 2018-2030E



Source: CIC

Competitive Landscape

The chart below sets forth the pipeline of denosumab registered with the NMPA as of 18 September 2020.

NMPA-registered denosumab pipeline targeted osteoporosis

Drug name	Sponsor/collaborators	Drug type	Indications	Phase	First posted date
QL1206	Qilu Pharmaceutical	Biosimilar	PMO at high risk for fracture	Phase 3	2019/6/5
LY06006	Luye Pharma	Biosimilar	PMO at high risk for fracture	Phase 3	2019/6/14
MW031	Jiangsu T-mab	Novel	PMO at high risk for fracture	Phase 3	2019/11/4
KN012	Alphamab	Biosimilar	PMO	Phase 1	2018/7/27
JMT103	JMT Bio	Biosimilar	Osteoporosis	Phase 1	2018/7/30
GB223	Genor Biopharma	Novel	PMO	Phase 1	2018/11/14
SHR-1222	Hengrui Medicine	Biosimilar	Osteoporosis	Phase 1	2019/2/19
CMAB807	Mabpharm	Biosimilar	PMO	Phase 1	2019/4/24
QL1206	Qilu Pharmaceutical	Biosimilar	PMO at high risk for fracture	Phase 1	2019/11/18

Source: CDE; CIC

NMPA-registered denosumab pipeline targeted bone metastases from tumors and GCTB

Drug name	Sponsor /collaborators	Drug type	Indications	Phase	First posted date
QL1206	Qilu Pharma Group	Biosimilar	Bone metastases from solid tumors	Phase 3	2019/10/30
MW032	Shanghai Mabwell	Novel	Bone metastases from breast cancer	Phase 3	2020/3/18
JMT103	JMT Bio	Biosimilar	Bone metastases from solid tumors and GCTB	Phase 1	2018/3/27
			Unresectable or surgery is not feasible GCTB	Phase 1b/2	2020/2/20
HS629	Zhejiang Hisun pharmaceutical	Biosimilar	The prevention of skeletal-related events in patients with bone metastases from solid tumors	Phase 1	2018/4/12
LZM004	Livzon Pharmaceutical Group	Biosimilar	Bone metastases from solid tumors and GCTB	Phase 1	2018/8/15
GB223	Genor Biopharma	Novel	The prevention of skeletal-related events in patients with bone metastases from solid tumors-	Phase 1	2019/1/17
LY01011	Luye Pharma Group	Biosimilar	The prevention of skeletal-related events in patients with bone metastases from solid tumors	Phase 1	2019/4/10
					2019/12/2
HL05	Hualan Bio	Biosimilar	The prevention of skeletal-related events in patients with bone metastases from solid tumors	Phase 1	2020/2/26

Source: CDE; CIC

Key Drivers and Future Trends of Osteoporosis Antibody Drug Market

China's aging population, increased expenditure on health per capita and R&D on biosimilars will drive the growth of the osteoporosis market.

- **Aging population**. China's population has been aging at an increasingly faster speed over the past 10 years. The number of people over age 50 has increased from 388 million in 2014 to 453 million in 2018. Since osteoporosis is more prevalent among the elderly, the increasing elderly population is expected to drive the growth of the osteoporosis market.

- **Increasing healthcare expenditure per capita**. With the growth of domestic per capita income, people are willing to spend more on medical care. In 2018, China's healthcare expenditure per capita reached RMB3,913.3. At present, diagnosis and treatment awareness of osteoporosis in China is still low. In the future, expenditure on health and disease awareness will continue to increase.

- **Continuous development of biosimilar drugs**. Denosumab has been clinically demonstrated as an efficacious and safe osteoporosis treatment option, but has not been approved by the NMPA. Currently, many domestic companies have begun to develop biosimilars of denosumab. The lower cost burden of biosimilars will greatly improve patient acceptance and willingness to be treated.

Key Drivers and Future Trends of GCTB Antibody Drug Market

- **High prevalence rate**: GCTB is a common primary intermediate tumor of the bone, especially among East Asians. Globally, GCTB accounts for approximately 4%-5% of all primary bone tumors. But GCTB is comparatively more common in China, occupying 20% of all primary bone tumors. Although most GCTB tumors are benign, they often result in the complete destruction of the affected bones, leading to bone fracture, joint dysfunction or amputation, if not diagnosed timely and treated properly.

- **Effective alternative**: Currently, common treatments of GCTB are mainly surgery and radiotherapy in China. Surgery is the primary treatment for GCTB, with a high recurrence rate of 15%-45% after the curettage. When tumors recur, they become more difficult to treat and more likely to spread to other parts of the body. Radiotherapy can control the growth of the tumor to a certain degree, but it can also induce complications and potential risks of sarcomatoid malignancy. Denosumab, as an effective alternative, brings benefits to patients who suffer from GCTB, especially for those with unresectable or where surgical resection is likely to result in severe morbidity.

ANTIBODY DRUG MARKET FOR AUTOIMMUNE DISEASE IN THE PRC

Autoimmune diseases are caused by the immune system's responses to its own tissue components. They are usually chronic diseases with long disease courses. They usually involve complex performances, and multiple systems and organs are affected. Major autoimmune diseases include psoriasis (Ps), rheumatoid arthritis (RA), ankylosing spondylitis (AS), ulcerative colitis (UC) and Crohn's disease (CD).

Overview of TNF-α Monoclonal Antibodies

Tumor necrosis factor-alpha (TNF-α) is a potent pathological cytokine involved in inflammatory and immune responses, which can bind to TNF receptor 1 (TNFR1) or TNF receptor 2 (TNFR2). It exists in numerous forms, both monomeric and trimeric, as well as soluble and transmembrane. Upon binding to its receptors, TNF triggers the activation of multiple pathways, including the NFkB and MAPK pathways, which leads to the production of numerous inflammatory cytokines and may also trigger the TNF-induced apoptotic pathway. TNF-α inhibitors bind to the TNF cytokine and inhibit its interaction with TNF receptors.

As of 18 September 2020, four TNF-α monoclonal antibodies were approved in the PRC, namely, infliximab, adalimumab, certolizumab and golimumab.

Overview of Infliximab Market in the PRC

Infliximab is a TNF-α blocker and a chimeric monoclonal IgG1 antibody composed of human constant (75%) and murine variable (25%) regions. Infliximab was first approved by the FDA in 1998 under the market name "Remicade" as an intravenous injection. It was first approved by the NMPA in 2006.

Major Indications

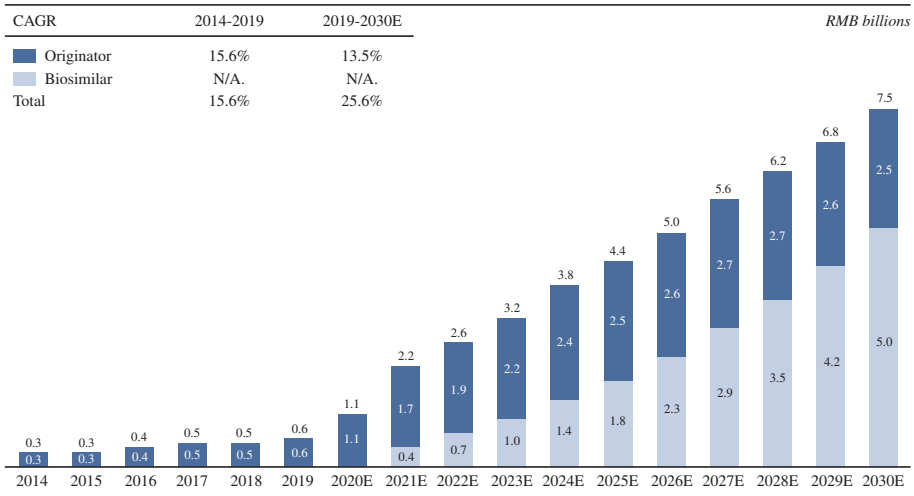
RA is a long-term autoimmune disorder that primarily affects the joints. It is caused by the body's immune system attacking the joints, resulting in inflammation and thickening of the joint capsule. Prevalence of RA amounts to approximately 5.9 million in the PRC in 2019.

Inflammatory bowel disease, or IBD, mainly includes UC and CD. UC is a chronic disease that causes inflammation and ulceration of the colon and rectum. The main symptoms include abdominal pain and diarrhea with bloody stools. CD is a disease of unknown etiology, characterized by transmural inflammation of the gastrointestinal tract, which may involve the whole digestive tract or any part of the digestive tract from the mouth to the perianal area. Prevalence of UC and CD amounted to 182 thousand and 28 thousand, respectively, in the PRC as of 31 December 2019.

Market Size of Infliximab

The diagram below illustrates the market size of infliximab from 2014 to 2019 and the estimated market size from 2020 to 2030.

China infliximab market, 2014-2030E



Source: CIC

Competitive Landscape

The chart below summarizes the infliximab biosimilar pipeline registered with the NMPA that were at the Phase 3 stage as of 18 September 2020.

Drug name	Sponsor/ collaborators	Indications	Phase	First posted date
GB242	Genor Biopharma	RA	Phase III	2017/7/28
CMAB008	Mabpharm	Moderate to severe active RA	Phase III	2017/9/15
CT-P13	Celltrion	Active RA	Phase III	2018/10/30

Source: CDE; CIC

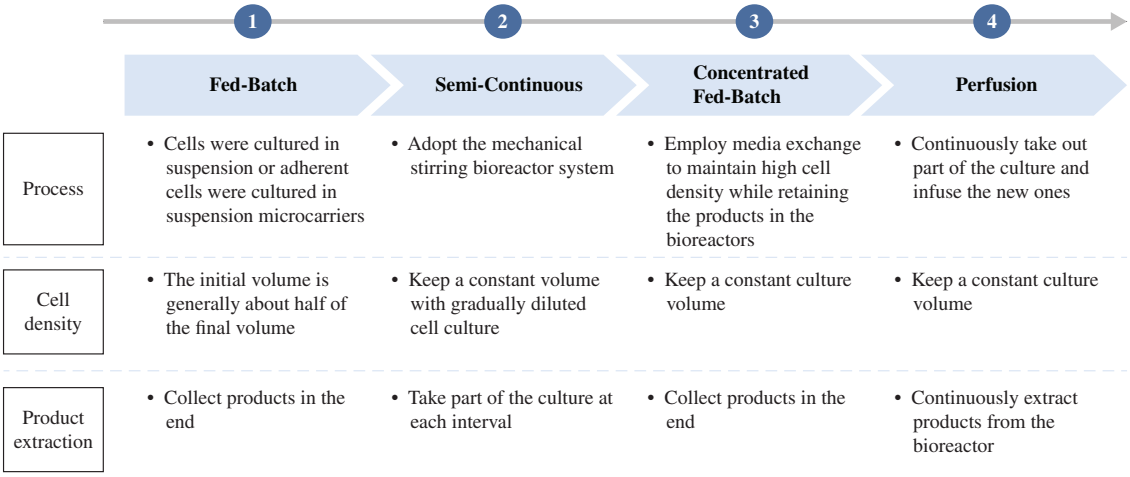
Remicade is the only antibody drug approved for treating UC in China, which can reduce disease symptoms, induce and maintain remission, promote intestinal healing and reduce or stop the need for steroids in adult patients with moderately to severely active UC who have not responded well to traditional therapies. Also, Remicade has been approved for moderate to severe CD, fistula CD and pediatric CD. Infliximab is the only TNF-α antibody drug that has already been used in treating both CD and UC in the PRC and the United States. Infliximab has been verified for its efficacy and safety in over eight different autoimmune diseases. With the approval of Remicade for IBD in the PRC, UC and CD patients in the PRC will have more treatment options, especially for severe patients who have not responded well to traditional therapies.

Pricing and Reimbursement

Remicade were included in the NRDL in November 2019. The price of Remicade in NRDL decreased by 66.8% from the original market price of RMB6,047 per 100 mg to RMB2,007 after NRDL inclusion.

OVERVIEW OF BIOLOGIC PROCESS TECHNOLOGIES

Evolution of Mainstream Biologic Process Technologies



Overview and Mechanism of Technologies

Fed-batch

The fed-batch technology is currently the mainstream cell proliferation technology. Thawed cells occupy around 60% of the bioreactors when first added. After that, an appropriate amount of culture media is added intermittently, and the bioreactors are gradually filled until completely full, which normally takes two weeks. All of the products are extracted at one time.

Semi-Continuous

The semi-continuous cell culture process is also called the re-feed process. The production bioreactor is inoculated at a low cell density from the seed train, and as the culture reaches higher cell density, the bulk of the broth is harvested, and the remainder is used as the seed for the next passage with the addition of fresh medium. The process cycles several times in this way until the validated cell generation limit is reached.

Concentrated fed-batch

The concentrated fed-batch technology is a type of continuous process, which employs media exchange to maintain high cell density while retaining the products in the bioreactors. Compared to the perfusion technology, the concentrated fed-batch technology represents higher cell mass accumulation and longer product residence time. The concentrated fed-batch technology is a simple and straightforward approach to increase space-time yields of a given facility.

Perfusion

The perfusion technology is the cell proliferation technology featuring a continuous process. Its core lies in continuous product and waste extraction. The bioreactor is filled with thawed cells at first, followed by daily culture media supply, waste extraction, and product collection. The perfusion technology is able to keep the largest cell density in the bioreactors and continuously collect products over several months.

Comparison of Concentrated Fed-Batch, Fed-Batch and Perfusion Technologies

Compared to the fed-batch technology, concentrated fed-batch and perfusion technologies can achieve higher volume of harvestable products by maintaining a steady state of cell culture and high cell density.

In addition, because of their continuous process, the bioreactors required for concentrated fed-batch and perfusion technologies are much smaller than those for fed-batch technology. This indicates that companies using concentrated fed-batch and perfusion technologies do not need to establish a factory as large as that would be needed when using the fed-batch technology.

Comparison of Key PRC Companies in Terms of Biologic Process Technologies

As of 18 September 2020, there were only three companies that could perform concentrated fed-batch or perfusion technologies in the PRC. Among these three companies, we were one of the two companies that could self-develop cell culture media. We were also the only company that had commercial-ready concentrated fed-batch and perfusion cell culture technologies. Owing to the concentrated fed-batch and perfusion cell culture technologies, we have high production yields which are significantly above the industry average. In combination with these two advanced cell culture technologies, we have also built commercial production capabilities and are ready for large-scale manufacturing with small-size bioreactors.

RELEVANT LAWS AND REGULATIONS OF THE PRC

Drug Administration Laws and Regulations

The PRC Drug Administration Law (中華人民共和國藥品管理法) promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") in 1984,and amended in 2001, 2013, 2015 and 2019, and the Implementing Measures of the PRC Drug Administration Law (中華人民共和國藥品管理法實施條例) promulgated by the Ministry of Health of the PRC in 2002 and amended in 2016 and 2019 have laid down the legal framework for the administration of pharmaceutical products, including the research, development, manufacturing and business operation of new drugs, which regulates the administration of pharmaceutical manufacturing enterprises, pharmaceutical trading enterprises, and medicinal preparations of medical institutions and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products.

On 26 August 2019, the SCNPC promulgated the amendment to the PRC Drug Administration Law, which took effect on 1 December 2019. The amendment implemented sweeping changes to the previous laws, which include: (1) improving the supervision system for the entire drug approval process; (2) clarifying the responsibilities in drug supervision; (3) strengthening the punishment of illegal behavior; (4) implementing the marketing authorization holder system; (5) reforming the drug approval system; (6) cancellation of the good manufacturing practice ("**GMP**") certifications for drugs and good supply practice certifications for pharmaceutical products; and (7) replacement of approval by registration of clinical trial organizations and improvement of the approval procedure for clinical trials, etc..

Non-Clinical Research and Animal Testing

The non-clinical safety evaluation study for drugs for the purpose of applying for marketing approval are to be conducted pursuant to the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory (藥物非臨床研究質量管理規範), which was promulgated in August 2003 and revised in July 2017. In April 2007, the NMPA issued a Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory (藥物非臨床研究質量管理規範認證管理辦法), which sets forth the requirements for the certification of non-clinical research institutions in the PRC.

Pursuant to the Regulations for the Administration of Affairs Concerning Experimental Animals (實驗動物管理條例) promulgated by the State Science and Technology Commission on 14 November 1988, and amended on 8 January 2011, 18 July 2013 and 1 March 2017 respectively by the State Council, the Administration Measures on Good Practice of Experimental Animals (實驗動物質量管理辦法) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision on 11 December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (實驗動物許可證管理辦法(試行)) promulgated by the State Science and Technology Commission and other regulatory authorities on 5 December 2001, performing experimentation on animals requires a Certificate for Use of Laboratory Animals.

Regulations Related to the Clinical Trials

The National Medical Products Administration (the "**NMPA**") promulgated the Administration of Quality of Drug Clinical Practice (藥物臨床試驗質量管理規範) on 6 August 2003. Pursuant 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, of which the purpose is to determine the therapeutic efficacy and safety of the drug.

The conduct of clinical trials must adhere to the good clinical practice and the protocols approved by the ethics committees of each study site. The sponsor of clinical trials should provide insurance to the human subjects participating in the clinical trial and bear the cost of the treatment and the corresponding financial compensation for the human subjects who suffer harm or death related to the trial. Since 2015, the NMPA has strengthened the enforcement against widespread data integrity issues associated with clinical trials in China. To ensure authenticity and reliability of the clinical data, the NMPA mandates applicants of the pending drug registration submissions to conduct self-inspection and verification of their clinical trial data. Based on the submitted self-inspection results, the NMPA also regularly launches onsite clinical trial audits over selected applications and reject those found with data forgery.

In order to deepen the reform of the drug evaluation and approval system, encourage innovation and further promote the study of drug clinical trial standards and improvement of quality, the NMPA and National Health Commission issued the revised Administration of Quality of Drug Clinical Practice (the "**New Administration of Quality of Drug Clinical Practice**") on 27 April 2020, which became effective on 1 July 2020. The New Administration of Quality of Drug Clinical Practice refines and specifies the responsibility requirements for all parties involved in drug clinical trials. It also emphasizes on the importance of essential documents of a clinical trial as checked by the sponsor and drug administration authorities and as the basis for confirming the authenticity of the implementation of the clinical trial and the completeness of the data collected. On 8 June 2020, the NMPA issued the Guidelines for the Preservation of Essential Documents in Drug Clinical Trials (藥物臨床試驗必備文件保存指導原則), which became effective on 1 July 2020.

Clinical Trial Application

According to the Administrative Measures on the Registration of Pharmaceutical Products (藥品註冊管理辦法) (the "**Registration Administrative Measures**"), which took effect on 1 October 2007, an applicant must obtain the approval from the NMPA to conduct new drug clinical trials. According to the Decision on Adjusting the Approval Procedures of the Administrative Approval Matters for Certain Drugs (關於調整部分藥品行政審批事項審批程序的決定) issued by the NMPA, which took effect on 1 May 2017, the NMPA's decision on the approval of clinical trials is delegated to the Center for Drug Evaluation under the NMPA (the "**CDE**"). In July 2018, the NMPA promulgated the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (關於調整藥物臨床試驗審評審批程序的公

告), according to which, if a clinical trial applicant does not receive any negative opinions or questions from the CDE within 60 days after the date the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE. The Administrative Measures on the Registration of Pharmaceutical Products (the "**New Registration Administrative Measures**") was issued on 22 January 2020 and became effective on 1 July 2020. The New Registration Administrative Measures provides that a clinical trial applicant shall obtain the approval from the CDE to conduct new drug clinical trials, except where an applicant intends to conduct a bioequivalence test, it shall complete the filing of such bioequivalence test on the website of the Center for Drug Evaluation as required.

After obtaining the clinical trial authorization from the NMPA, the applicant must register the clinical trial at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Announcement on Drug Clinical Trial Information Platform (關於藥物臨床試驗信息平臺的公告), which came into effect in September 2013. The applicant shall complete the initial registration within one month after obtaining the clinical trial authorization and complete follow-up registration before the first subject's enrollment in the trial.

Conducting Clinical Trial

According to Registration Administrative Measures, a clinical trial consists of Phases 1, 2, 3 and 4. Phase 1 refers to the initial clinical pharmacology and safety evaluation studies in humans. Phase 2 refers to the preliminary evaluation of a drug candidate's therapeutic effectiveness and safety for particular indications in patients, with an aim to providing evidence and support for the design of Phase 3 clinical trials and to settling the administrative dose regimen. Phase 3 refers to clinical trials undertaken to confirm the therapeutic effectiveness of a drug. Phase 3 is used to further verify the drug's therapeutic effectiveness and safety on patients with target indications, to evaluate the overall benefit-risk relationships of the drug, and ultimately to provide sufficient evidence for the review of drug registration application. Phase 4 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 relationship of the drug when used for the general population or specific groups and to adjust the administration dose.

The New Registration Administrative Measures stipulates that clinical trials of drugs are divided into Phases 1, 2, 3 and 4 and bioequivalence trial. According to the New Registration Administrative Measures and on the basis of the General Guidelines on the Drug Clinical Trials (《藥物臨床試驗的一般考慮指導原則》) issued by the National Food and Medical Products Administration, Phases 1, 2, 3 and 4 of a clinical trial mainly includes clinical pharmacology research, exploratory clinical trials, confirmatory clinical trials and post-marketing research respectively.

Human Genetic Resources Approval

According to the Interim Measures for the Administration of 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 Ministry of Health and approved by the State Council in 1998 and the Administrative Regulations on Human Genetic Resources (人類遺傳資源管理條例) promulgated by the State Council on 28 May 2019, an additional approval is required for any foreign companies or foreign affiliates that conduct trials in China. Prior to entering into a clinical trial agreement and beginning a trial, the parties to a clinical trial (i.e., the foreign sponsor and the Chinese clinical trial site) are required to obtain a human genetic resources, or HGR, approval to collect any biological samples that contain the genetic material of Chinese human subjects from the Ministry of Science and Technology, and any cross-border transfer of the samples or associated data requires additional approval. Furthermore, one of the key review points for the HGR review and approval process is the IP sharing arrangement between Chinese and foreign parties. The parties are required to share patent rights to inventions arising from the samples. Conducting a clinical trial in China without obtaining the relevant HGR preapproval will subject the sponsor and trial site to administrative liability, including confiscation of HGR (samples and associated data), and administrative fines.

Regulations on New Drug Approval

According to Registration Administrative Measures, when Phases 1, 2 and 3 of clinical trials are completed, the applicant may apply to the NMPA for approval of the NDA, which shall be evaluated by the NMPA according to applicable laws and regulations. The applicant must obtain approval of an NDA before the drugs can be manufactured and sold in the PRC.

In November 2015, the NMPA promulgated 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), which provided fast-track clinical trial approvals and drug registration pathways for the following new drug applications: (1) registration of innovative new drugs treating HIV, malignant tumors (cancers), severe infectious diseases and rare diseases; (2) registration of pediatric drugs; (3) registration of geriatric drugs and drugs treating diseases specially or commonly contracted by the senior population; (4) registration of drugs listed in national major science and technology projects or national key research and development plan; (5) registration of innovative drugs using advanced technology or 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 the European Union 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 European Union and are manufactured using the same production line in China; and (8) CTAs 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.

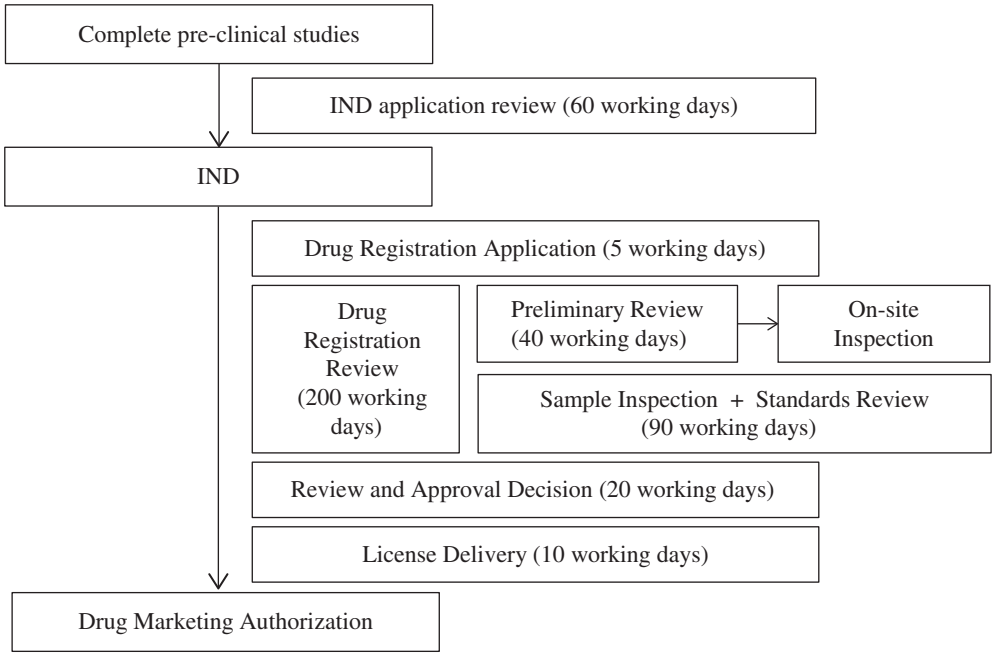
On 21 December 2017, the NMPA promulgated the Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovations (關於鼓勵藥品創新實行優先審評審批的意見) to replace the Opinions on Priority Review and Approval for Resolving Drug Registration Applications Backlog (關於解決藥品註冊申請積壓實行優先審評審批的意見) promulgated by the NMPA in February 2016, which further clarified that a fast-track clinical trial approval or drug registration pathway were available for the following drugs with distinctive benefits: (1) registration of innovative drugs not sold within or outside China; (2) registration of innovative drugs transferred to be manufactured locally in China; (3) registration of drugs using advanced technology, innovative treatment methods, or having distinctive treatment advantages; (4) CTAs for drugs with patent expiry within three years, and manufacturing authorization applications for drugs with patent expiry within one year; (5) concurrent applications for clinical trials of new drugs which are already approved in the United States or European Union, or concurrent drug registration applications for drugs which have applied to the competent drug approval authorities for marketing authorization and passed such authorities' onsite inspections in the United States or European Union and are manufactured using the same production line in China; (6) traditional Chinese medicines (including ethnic medicines) with clear position in prevention and treatment of serious diseases; and (7) registration of new drugs which are listed in national major science and technology projects or national key research and development plans, or which are clinically trialed and designated by the National Clinical Medical Research Center, and drugs with distinctive clinical benefits for the prevention and treatment of the following diseases: HIV, phthisis, viral hepatitis, orphan diseases, cancer, children's diseases, and generic and prevalent diseases among the senior population.

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

On 31 October 2018, the NMPA and NHC jointly issued the Notice regarding Relevant Matters on the Review and Approval of Overseas New Drugs with Urgent Clinical Needs (關於臨床急需境外新藥審評審批相關事宜的公告), which provided a special approval system for the following new drugs with urgent clinical needs that have been marketed in the United States, Europe or Japan within the last decade: (1) drugs for rare diseases; (2) drugs for serious or life-threatening diseases that lack effective treatment or prevention methods; (3) drugs for serious or life-threatening diseases with distinctive treatment advantages. On 1 November 2018, CDE has published the list of first batch of forty drugs entitled to the special approval system. Under the special approval system, the technology review during the drug registration approval process will be completed within three months for drugs for orphan diseases, or six months for the other eligible new drugs, provided that there are no race and ethnicity differences.

Pursuant to the New Registration Administrative Measures, the process of drug registration is going to be further simplified. The New Registration Administrative Measures has also provided the review procedure for drugs of breakthrough therapy, conditional approval procedure, priority review procedure and special approval procedure. The following illustrates the drug registration approval procedures under the New Registration Administrative Measures.

Drug Registration Approval Procedures in China



Registration of Biosimilar Drugs

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

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

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

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

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

Drug Manufacturing Permit

Pursuant to the PRC Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing Permit from the provincial Medical Products Administration before it starts to manufacture drug products. Prior to granting such permit, the relevant government authority will inspect the applicant's production facilities and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards. Each Drug Manufacturing Permit will be valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date and will be subject to reassessment by the authority in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

Good Manufacturing Practice or GMP

The World Health Organization encourages the adoption of GMP standards in pharmaceutical production in order to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final products.

The Guidelines on Good Manufacturing Practices (藥品生產質量管理規範), which set out the basic standards for the manufacture of pharmaceuticals products, took effect on 1 August 1999 and was subsequently amended in 1998 and 2010, and these Guidelines cover issues such as the production facilities, the qualification of the personnel at the management level,

production plant and facilities, documentation, material packaging and labeling, inspection, production management, sales and return of products and customers' complaints. On 24 October 2007, the NMPA issued Evaluation Standard on Good Manufacturing Practices (藥品GMP認證檢查評定標準) which became effective on 1 January 2008. The GMP certificate is valid for a specific term and application for renewal must be submitted six months prior to its expiration date. On 30 December 2015, NMPA issued the Notice on Implementing Good Manufacturing Practice Certificates for Pharmaceuticals, which among others, provided that those enterprises that failed to obtain the GMP certificates will not be granted the Pharmaceutical Manufacturing Permit, and from 1 January 2016, the relevant pharmaceutical administrative authorities at the provincial level will take charge of the GMP examination and approval work.

According to the Administrative Measures for Certification of Guidelines on Good Manufacturing Practices (藥品生產質量管理規範認證管理辦法), effective on 2 August 2011, a manufacturer of pharmaceutical products shall reapply for a new GMP certification six months prior to its expiration date.

The latest amendment to the PRC Drug Administration Law, which took effect on 1 December 2019, contemplates a reform of the drug approval process, in which GMP compliance will shift from a certification-based review to an ongoing GMP compliance system. Under the new system, a pharmaceutical company must establish and perfect a drug production quality management system to ensure ongoing GMP compliance. Manufacturing facilities are subject to ongoing inspection and constant supervision of the drug regulatory authorities.

Contract Manufacturing of Drugs

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

According to the PRC Drug Administration Law, a drug manufacturer can entrust the manufacturing of its drug to another qualified drug manufacturer. Entrusted manufacturing of blood products, narcotic drugs, psychotropic drugs, medical toxic drugs, and pharmaceutical precursor chemicals is prohibited, unless otherwise stipulated by the drug administrative department of the State Council.

The PRC Drug Administration Law specifies that drug marketing authorization holders may produce drugs by themselves or entrust drug manufacturers with the production of such drugs. A drug marketing authorization holder that intends to manufacture drugs on its own shall obtain a drug manufacturing permit; if it intends to manufacture drugs on a commissioned basis, it shall entrust a qualified drug manufacturer. Drug marketing authorization holders and the commissioned manufacturers shall enter into an entrustment agreement and a quality agreement, and strictly perform the obligations under such agreements. Blood products, anesthetics, psychotropic pharmaceuticals, toxic pharmaceuticals for medical treatment, and pharmaceutical precursor chemicals may not be produced through entrustment, except as otherwise prescribed by the department of drug supervision and administration of the State Council.

Administrative Protection and Monitoring Periods for New Drugs

According to the Implementing Measures of the PRC Drug Administration Law, with a view to protecting public health, the NMPA may provide for administrative monitoring periods of up to five years for new drugs approved to be manufactured to continually monitor the safety of the new drugs.

During the monitoring period of a new drug, the NMPA will not approve any other enterprise's application to manufacture or the import a similar new drug.

Healthcare System Reform

On 17 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). The State Council issued the Notice on the Issuance of the 13th Five-year Plan on Strengthening the Reform of Healthcare System (關於印發"十三五"深化醫藥衛生體制改革規劃的通知) on 27 December 2016. On 25 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. On 23 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, and (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.

Reimbursement under the National Medical Insurance Programme

The national medical insurance programme was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Programme (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on 14 December 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance programme and the insurance premium is jointly contributed by the employers and employees.

Participants of the national medical insurance programme and their employers, if any, are required to contribute to the payment of insurance premia on a monthly basis. Programme participants are eligible for full or partial reimbursement of the cost of medicines included in the Medical Insurance Catalogue. The Notice Regarding the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知), jointly issued by several authorities including the Ministry of Labour and Social Security and the Ministry of Finance, or the MOF, among others, on 12 May 1999, provides that a pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) it is set forth in the Pharmacopoeia of the PRC; (2) it meets the standards promulgated by the NMPA; and (3) if imported, it is approved by the NMPA for import.

Factors that affect the inclusion of a pharmaceutical product in the Medical Insurance Catalogue include whether the product is consumed in large volumes and commonly prescribed for clinical use in the PRC and whether it is considered to be important in meeting the basic healthcare needs of the general public.

The PRC Ministry of Human Resources and Social Security, together with the State Administration for Medical Insurance (the "**SAMI**") newly established in 2018 and other government authorities, has the power to determine the medicines included in the PRC National Reimbursement Drug List (國家基本醫療保險、工傷保險和生育保險藥品目錄) (the "**NRDL**"). On 21 February 2017, the PRC Ministry of Human Resources and Social Security released the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2017 Version) (the "**2017 NRDL**"). The 2017 NRDL expands its scope and covers 2,535 drugs in total, including 339 drugs that are newly added. The 2017 NRDL reflects an emphasis on innovative drugs and drugs that treat cancer and other serious diseases. On 13 July 2017, the Ministry of Human Resources and Social Security issued the Notice on Incorporating 36 Drugs into Category B of the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (關於將36種抗癌藥物納入國家基本醫療保險、工傷保險和生育保險藥品目錄乙類範圍的通知) which incorporated 36 drugs in Category B of the 2017 NRDL. On 30 September 2018, the SAMI issued the Notice on Incorporating 17 Oncology Drugs into Category B of the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (關於將17種抗癌藥物納入國家基本醫療保險、工傷保險和生育保險藥品目錄乙類範

圍的通知) which incorporated 17 drugs into Category B of the 2017 NRDL. On 20 August 2019, the SAMI and the Ministry of Human Resources and Social Security issued the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, which took effect on 1 January 2020.

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

Patients purchasing medicines included in Category A of the NRDL are entitled to reimbursement of the entire amount of the purchase price. Patients purchasing medicines included in Category B of NRDL are required to pay a certain percentage of the purchase price and obtain reimbursement for the remainder of the purchase price. The percentage of reimbursement for Category B medicines differs from region to region.

The total amount of reimbursement for the cost of medicines and other medical expenses for an individual participant under the national medical insurance programme in a calendar year is capped at the amounts in such participant's individual account under such programme. The amount in a participant's account varies, depending on the amount of contributions from the participant and his or her employer.

Other Significant PRC Regulations Affecting Our Business Activities in the PRC

PRC Laws and Regulations relating to Company Law and Foreign Investment

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the SCNPC on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018. Pursuant to the Company Law, companies are classified into categories, namely limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

The Company Law is the principal law governing dividend distributions by PRC companies. PRC companies may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory general reserves funds until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash

dividends. These reserves or funds are not distributable as dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on 12 April 1986 and amended on 31 October 2000 and 3 September 2016, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則).

On 15 March 2019, the SCNPC promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), which came into force on 1 January 2020 and repealed simultaneously the Law of PRC on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Law of the PRC on Sino-foreign Cooperative Joint Ventures (中華人民共和國合作經營企業法). Subject to the Foreign Investment Law, foreign invested enterprises incorporated before the enforcement of the Foreign Investment Law may keep their original organizational forms for five years after the enforcement of the Foreign Investment Law. And the Implementation Regulations for the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) was promulgated by the State Council on 26 December 2019 and took effect on 1 January 2020. According to the Foreign Investment Law, the State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) (the "**Guidance Catalogue**") which was most recently amended on 28 June 2017 and came into effect on 28 July 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries included in special administrative measures for the access of foreign investment (i.e. the "Negative List") (including restricted industries and prohibited industries). 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)) (the "**Negative List**") which was promulgated on 28 June 2018, revised on 30 June 2019 and came into effect on 30 July 2019, replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalogue. The Negative List (2020 version) was recently promulgated on 23 June 2020 and became effective on 23 July 2020. The Catalogue of Industries for Encouraging Foreign Investment (鼓勵外商投資產業目錄) (the "**Encouraged Catalogue**") which was promulgated on 30 June 2019 and came into effect on 30 July 2019, replaced the encouraged industries in the Guidance Catalogue. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall obtain

foreign investment access permit. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalogue and the Negative List is a permitted industry for foreign investment.

Pursuant to the Interim Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (外商投資企業設立及變更備案管理暫行辦法) (the "**Interim Measures**") promulgated by MOFCOM on 8 October 2016 and amended on 30 July 2017 and 29 June 2018, establishment and modifications of foreign investment enterprises that are not subject to the approval under the special entry management measures shall be filed with the delegated commercial authorities.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was issued by MOFCOM and State Administration for Market Regulation on 30 December 2019, which came into effect on 1 January 2020 and replaced the Interim Measures for the Record-filling of the Establishment and Modification of Foreign-invested Enterprises. Since 1 January 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 commerce authorities pursuant to such measures.

Laws and Regulations relating to Foreign Exchange

The principal law governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例). The Foreign Exchange Administration Regulations was enacted by the State Council on 29 January 1996 and implemented on 1 April 1996. On 14 January 1997 and 5 August 2008, the State Council amended the Foreign Exchange Administration Regulations. According to the Foreign Exchange Administration Regulations currently in effect, international payments in foreign currencies and transfer of foreign currencies under current items shall not be restricted. Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理總局) (the "**SAFE**") or its local counterpart and other relevant PRC governmental authorities.

Pursuant to the Regulation of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), promulgated on 20 June 1996 by the People's Bank of China (the "**PBOC**") and which became effective on 1 July 1996, the Foreign-Invested Enterprises (the "**FIE**"), may only buy, sell or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transactions, obtaining approvals from the SAFE or its local counterpart.

On 29 August 2008, the SAFE promulgated the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務

操作問題的通知) (the "**SAFE Circular 142**") regulating the conversion by a foreign-invested enterprise of its foreign currency registered capital into renminbi. The SAFE Circular 142 provides that the renminbi fund converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. The use of such renminbi fund may not be altered without approval, and such renminbi fund may not in any case be used to repay any renminbi loans that were taken out but that have not been utilized. Violations of the SAFE Circular 142 could result in severe monetary penalties. On 30 March 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**SAFE Circular 19**"), which became effective on 1 June 2015 and replaced the SAFE Circular 142. Under the SAFE Circular 19, the restriction is abolished that the using the renminbi fund converted from foreign currency registered capital of a foreign-invested enterprise for equity investments within the PRC. Meanwhile, the use of such renminbi should still obey the restrictions as set out in this circular, such as it cannot be directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by national laws and regulations; investment in securities unless otherwise provided by laws and regulations; granting the entrust loans in renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in renminbi that have been sub-lent to the third party; and paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises. On 9 June 2016, the SAFE promulgated the Circular of SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "**SAFE Circular 16**"). The SAFE Circular 16 comes into force as at the date of promulgation. Where the previous provisions, such as the SAFE Circular 19 are not consistent with this circular, the latter shall prevail. The SAFE Circular 16 unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. Furthermore, the SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. Violations of the SAFE Circular 19 or the SAFE Circular 16 could result in administrative penalties in accordance with the Regulations of the People's Republic of China on Foreign Exchange Control and relevant provisions.

According to the Circular of SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) (the "**SAFE Circular 8**") promulgated and effective on 10 April 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

PRC Tort Law

Under the Tort Law of the PRC (中華人民共和國侵權責任法) which became effective on 1 July 2010, if damages to other persons are caused by defective products that are resulted from the fault of a third party, 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 warning and recall of products in a timely manner. The producers or the sellers shall be liable under tort if they cause damages due to their failure 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 and sold with known defects, causing deaths or severe damage to the health of others, the infringed party shall have the right to claim respective punitive damages in addition to compensatory damages.

Product Liability

Pursuant to the General Principles of the Civil Law of the PRC (中華人民共和國民法通則), or the PRC Civil Law, promulgated on 12 April 1986 and amended on 27 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 the damage or injury. The Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**"), promulgated on 22 February 1993 and amended on 8 July 2000, 27 August 2009 and 29 December 2018 respectively, provided that manufacturers who produce defective products may be subject to civil or criminal liability.

PRC Enterprise Income Tax

Under the Enterprise Income Tax Law (企業所得税法) (the "**EIT Law**"), which was promulgated on 16 March 2007 and latest amended on 29 December 2018, the standard tax rate of 25% applies to all enterprises (including FIEs) with exceptions in special situations if relevant criteria are met and subject to the approval of the PRC tax authorities.

According to the EIT Law, dividends declared after 1 January 2008 and paid by PRC FIEs to their non-PRC parent companies will be subject to PRC withholding tax at 10% unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is a tax resident and which specifically exempts or reduces such withholding tax, and such tax exemption or reduction is approved by the relevant PRC tax authorities. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region on 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), Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (國家税務總局關於執行税收協定股息條款有關問題的通知) and 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), if the non-PRC immediate holding company is a Hong Kong tax resident and directly holds a 25% or more

equity interest in the PRC enterprise and is considered to be the beneficial owner of dividends paid by the PRC enterprise, such withholding tax rate may be lowered to 5%, subject to approval by the relevant PRC tax authorities in accordance with relevant tax regulations upon the assessment of beneficial ownership.

According to the EIT Law, the enterprise income tax for key advanced and new technology enterprises supported by the State shall be at a reduced tax rate of 15%.

Laws and Regulations Related to Intellectual Property Rights

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on 12 March 1984, and amended on 4 September 1992, 25 August 2000 and 27 December 2008 respectively, and effective from 1 October 2009, and the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the State Council on 15 June 2001 and amended on 28 December 2002 and 9 January 2010 respectively, there are three types of patents in the PRC, namely invention patents, utility model patents and design patents. An invention to be granted as a patent shall have novelty, creativity and practicality. The protection period is 20 years for an invention patent, and 10 years for a utility model patent and 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 the purpose of public health, 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, pursuant 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.

The PRC laws on the protection of intellectual property rights of drugs are evolving. The Patent Law of the PRC and the Implementation Rules of the Patent Law of the PRC are applicable to drugs protected by patents. On 4 January 2019, the SCNPC issued the Amendment to the Patent Law of the PRC (draft for comment) to seek public comment. According to the Amendment to the Patent Law of the PRC (draft for comment), the State Council may decide to extend the term of validity for the patent rights of innovative drugs inventions applying for commercialization in domestic market and in overseas market simultaneously. The aggregate term of validity of patent rights for innovative drug after commercialization must not exceed 14 years.

Trade Secrets

Pursuant to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法) promulgated by the SCNPC on 2 September 1993 and amended on 4 November 2017 and 23 April 2019 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create economic 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, solicitation, fraud, coercion or electronic intrusion; (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) instigate, entice or help others to obtain, disclose, use or permit others to use the trade secrets in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of 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

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on 23 August 1982, amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019 respectively and effective from 1 November 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant intending to continue using the trademark shall apply for renewal within twelve months prior to the date of expiry. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Copyrights

The PRC Copyright Law (中華人民共和國著作權法) was promulgated on 7 September 1990 (later amended on 27 October 2001 and 26 February 2010) and Implementation Regulations of the Copyright Law of PRC (中華人民共和國著作權法實施條例) was promulgated on 2 August 2002 (later amended on 8 January 2011 and 30 January 2013) by the State Council. These laws and regulations provide the classification of works and the obtaining and protection of copyright in China.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網絡域名管理辦法》) promulgated by the Ministry of Information Industry on August 24, 2017 and effective from November 1, 2017, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol (IP) address of such computer. The principle of "first come, first served" applies to domain name registration service. After completing the domain name registration, the applicant will become the holder of the registered domain name. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay corresponding fees as required, the original domain name registry hall deregister the relevant domain name and notify the holder of deregistration in written forms.

Laws and Regulations Related to Environmental Protection

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the SCNPC on 26 December 1989 and amended on 24 April 2014, the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法) promulgated by the SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December 2018 respectively, the Administrative Regulations on the Environmental Protection of Construction Project (建設項目環境保護管理條例) promulgated by the State Council on 29 November 1998 and amended on 16 July 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Enterprises generating environmental pollution in the PRC must comply with the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated by the SCNPC on 11 May 1984, and amended or revised on 15 May 1996, 28 February 2008 and 27 June 2017 respectively, the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) promulgated by the SCNPC on 5 September 1987, and amended or revised on 29 August 1995, 29 April 2000 and 29 August 2015 and 26 October 2018 respectively, the Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法) promulgated by the SCNPC on 29 October 1996 and effective from 1 March 1997, and amended on 29 December 2018, and the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (中華人民共和國固體廢物污染環境防治法) promulgated by the SCNPC on 30 October 1995, and amended or revised on 29 December 2004, 29 June 2013, 24 April 2015 and 7 November 2016 respectively. The abovementioned laws regulate extensive issues in relation to the environment protection including waste water discharge, air pollution control, noise emission and solid waste pollution control. Pursuant to these laws, all the enterprises that may cause environmental pollution in the course of their production and business operation shall introduce environmental protection measures in their plants and establish a reliable system for environmental protection.

Employee Stock Option Plans

On 15 February 2012, SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (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) (the "**Share Option Rules**"). Under the Share Option Rules, PRC citizens or residents habitually residing in the PRC continuously for over one year, with a few exceptions, and who have been granted, restricted shares or share options by an overseas listed company according to its employee share option or share incentive plan, are required to appoint a qualified PRC agent, register with SAFE or its local counterparts, and complete certain other procedures related to the shareholding plan, share option plan or other similar share incentive plans. Concurrent with registration with SAFE or its local counterparts, the qualified PRC agent is required to obtain an approval from SAFE for an annual allowance for the foreign exchanges in connection with shareholding or the exercise of a share option, and an approval for opening a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with share purchases or share option exercises, returned principals or profits upon sale of shares, dividends issued on the stock and any other income or expenditures approved by SAFE. Currently, foreign exchange income of the participating PRC residents received from the sale of share and dividends distributed by the overseas listed company are required to be fully remitted into such special domestic foreign currency account before distribution to such participants. In addition, the PRC agents are required to amend or deregister the registrations with SAFE or its local counterparts in case of any material change in, or termination of, the share incentive plans within the time periods provided by the Share Option Rules.

Labor Protection

The PRC Labor Contract Law (中華人民共和國勞動合同法) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on 29 June 2007 and became effective on 1 January 2008 and whose amendments made on 28 December 2012 took effect on 1 July 2013, governs the relationship between employers and employees, and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labor Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Under applicable PRC laws and regulations, including the PRC Social Insurance Law (中華人民共和國社會保險法), which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011 and whose amendments made on 29 December 2018 took effect immediately, and the Regulations on the Administration of Housing Accumulation Fund (住房公積金管理條例), which was promulgated by the State Council on 3 April 1994, and amended on 24 March 2002 and 24 March 2019 respectively, employers and/or employees (as the case may be) are required to contribute to a number of social security funds, including funds for basic pension insurance, employment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

M&A Rules

On 8 August 2006, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國有資產監督管理委員會), the SAT, the State Administration of Industry and Commerce (國家工商行政管理總局), the China Securities Regulatory Commission (中國證券監督管理委員會) and SAFE jointly issued the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (as amended, re-promulgated and effective on 22 June 2009) (關於外國投資者並購境內企業的規定) (the "**M&A Rules**"). According to the M&A Rules, the merger and acquisition of the domestic companies by foreign investors means that the foreign investors purchase or subscribe for the equity or shares of a non-foreign invested PRC company or that the foreign investors establish a foreign invested PRC company to acquire or operate the assets of a non-foreign-invested PRC company by agreement. The M&A Rules require that an application be made to MOFCOM for examination and approval in relation to the acquisition of any company inside China affiliated with a domestic company, enterprise or natural person, which is made in the name of an overseas company lawfully established or controlled by such domestic company, enterprise or natural person. The M&A Rules also provide that the overseas listing of a special purpose company controlled directly or indirectly by PRC companies or individuals on an overseas stock market must be approved by the China Securities Regulatory Committee.

The M&A Rules, and other recently adopted regulations and rules concerning 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 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 impact or may impact 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.

OVERVIEW

We are a commercial-ready biopharmaceutical company focusing on developing and commercializing oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally. Drug candidates that we have been developing encompass the top three oncology targets and five out of the ten bestselling drugs globally. Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 April 2017. Through the Reorganisation, as further disclosed below, our Company has become the holding company of our Group.

The history of our Group can be traced back to December 2007, when Genor Biopharma, our key operating subsidiary, was founded in the PRC by Wison Group Holding Limited (惠生控股(集團)有限公司) ("**Wison Holding**"). Wison Holding is one of the controlling shareholders of Wison Engineering Services Co. Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2236). Wison Holding and its subsidiaries are principally engaged in the business of energy and oil engineering, procurement and construction. Since December 2007, we commenced our business of researching and developing drug candidates which target large indications in major therapeutic areas. Over the years, we have built a pipeline of monoclonal antibody drug candidates in China, and have equipped ourselves with manufacturing facilities and commercialization capabilities. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacture and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally. For further information on our strengths and our pipeline, see "Business – Our Strengths".

KEY BUSINESS MILESTONES

The following table summarizes the key milestones and achievements in the history and development of our Group:

Date	Milestone
December 2007	Genor Biopharma, our key operating subsidiary, was incorporated in Shanghai, PRC.
October 2011	Shanghai Genor was incorporated in Shanghai, PRC.
July 2013	We obtained IND approval for GB221 in PRC.
July 2014	Yuxi Genor was incorporated in Yuxi, Yunnan, PRC.

Date	Milestone
January 2015	We obtained IND approval for GB242 in PRC.
March 2015	We in-licensed GB226 from Crown Bioscience (Taicang).
April 2016	We completed the construction of manufacturing facilities in Yuxi, Yunnan, PRC.
November 2016	We obtained IND approval for GB226 in PRC.
April 2017	Our Company was incorporated in the Cayman Islands.
December 2017	We obtained IND approval for GB223 in PRC.
December 2018	Our Company entered into the share subscription agreement regarding the December 2018 Equity Financing, and HHJH became one of our Pre-IPO Investors.
September 2019	Our Company acquired 85% of the issued share capital in ABT.
October 2019	Our Company entered into the share subscription agreement regarding the October 2019 Equity Financing.
May 2020	Our Company entered into the share subscription agreement regarding the May 2020 Equity Financing.
June 2020	We in-licensed GB491 from G1 Therapeutics and GB492 from ImmuneSensor Therapeutics.
July 2020	The NMPA accepted our submission of an NDA for GB226 as a monotherapy in r/r PTCL in the PRC and granted priority review status.

OUR COMPANY'S MAJOR SUBSIDIARIES

We substantially operate our business through our operating entities in the PRC. The dates of establishment and commencement of business, the principal business activities and certain details of each member of our Group that made material contribution to our results during the Track Record Period are set forth in the table below:

Name of subsidiary	Place of incorporation	Date of establishment and commencement of business	Principal business activities	Percentage of ownership of our Company as of the Latest Practicable Date
Genor Biopharma	Shanghai, PRC	4 December 2007	Discovery, research, development, manufacture and commercialization of monoclonal antibody and biologic therapeutics for the treatment of oncology, autoimmune and other chronic diseases	100%
Yuxi Genor	Yuxi, Yunnan Province, PRC	8 July 2014	Operation of our manufacturing facilities in Yuxi for manufacturing of materials of our Phase 3 clinical studies and for supporting future commercial manufacturing needs	100%
ABT	Delaware, United States	19 August 2019 (Our Company acquired 85% shareholding of the issued share capital on 27 September 2019)	Bi-specific therapeutic antibody discovery	85%

CORPORATE ESTABLISHMENT AND DEVELOPMENT

Major Shareholding Changes of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 10 April 2017, with an initial authorized share capital of US$10,000 divided into 10,000,000 ordinary shares, each with a par value of US$0.001. As of the Latest Practicable Date, our Company is the holding company of our Group, and its principal business activity is investment holding.

Upon its incorporation, our Company issued one subscriber Share, credited as fully paid at par, to CTC Corporation Ltd., an Independent Third Party, on the same date.

After establishment, our Company underwent a series of share transfers, such that as of 4 June 2018, HHJH held one Share representing 100% of the equity interest in our Company.

After a series of change of names, the name of our Company was changed to its current name, JHBP (CY) Holdings Limited, on 4 June 2018.

On 3 December 2018, our Company conducted a re-designation of its authorized share capital from US$10,000 divided into 10,000,000 Shares of a par value of US$0.001 each to US$10,000 divided into 1,000,000,000 Shares of a par value of US$0.00001 each. Upon the re-designation, the one Share at par value of US$0.001 in our Company held by HHJH was split into 100 Shares at a par value of US$0.00001 each.

Our shareholding structure has evolved due to a number of issuance of Shares and share transfers pursuant to the Reorganisation and the Pre-IPO Investments. For details of these major shareholding changes of our Company, please refer to the paragraphs headed "– Reorganisation" and "– Pre-IPO Investments" in this section.

Major Shareholding Changes of Genor Biopharma

Founding of Genor Biopharma

Genor Biopharma is the principal operating subsidiary of our Company and is principally engaged in the business of research and development of monoclonal antibody and biological products. Genor Biopharma was first established under the former name of Humgen BioPharma Co., Ltd (欣潤(上海)生物藥業有限公司) as a wholly foreign owned enterprise in the PRC in December 2007, with a registered capital of US$10 million.

On 21 January 2014, Walvax acquired an aggregate of 63.58% of the equity interest in Genor Biopharma and became the holding company of Genor Biopharma. Walvax and its subsidiaries are mainly engaged in the research, development, manufacturing and sale of vaccines in human use. Its key products include, among others, haemophilus influenzae type b conjugate vaccine (Hib), which targets at the prevention of invasive infections caused by

Haemophilus influenzae Type b, Group A, C meningococcal polysaccharide conjugate vaccine, which prevents diseases such as cerebrospinal meningitis and septicemia, and 23-valent pneumococcal polysaccharide vaccine, which is indicated for active immunization to prevent pneumococcal disease.

As at the start of the Track Record Period, Genor Biopharma was owned by Walvax (68.46%), Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) ("**Sunshine Life Insurance**") (15.79%), Shixenze Ansheng Investment L.P. (石河子安勝投資合夥企業(有限合夥)) ("**Shixenze Ansheng**") (5.22%), Beijing Sunshine Ronghui Medical Health Industry Growth Investment Management Center (北京陽光融匯醫療健康產業成長投資管理中心(有限合夥)) ("**Beijing Sunshine Ronghui**") (5.26%) and Yuxi Runtai Investment Management L.P. (玉溪潤泰投資管理合夥企業) ("**Yuxi Runtai**") (5.26%), with a registered capital of RMB436,360,917 that was fully paid up.

Investment of Conba and Huaxing Kangping

On 30 May 2018, Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600572) ("**Conba**"), acquired 21.05% equity interest in Genor Biopharma from Beijing Sunshine Ronghui and Sunshine Life Insurance at the total consideration of RMB652,550,000 in cash. Such consideration was determined based on arm's length negotiations between the parties taking into consideration of Genor Biopharma's core team, main technologies and its research and development prospects at the time of the acquisition.

Fujian Pingtan Huaxing Kangping Pharmaceutical Industry Investment Partnership, L.P. (福建平潭華興康平醫藥產業投資合夥企業(有限合夥)) ("**Huaxing Kangping**") entered into an equity transfer agreement with Shixenze Ansheng on 30 April 2018, pursuant to which Huaxing Kangping agreed to acquire 5.22% equity interest in Genor Biopharma by way of transfer of registered capital of Genor Biopharma of RMB22,764,260 at the total consideration of RMB161,820,000. Such consideration was determined on the same basis as the above transfer from Beijing Sunshine Ronghui and Sunshine Life Insurance in May 2018. The equity transfer was completed on 30 May 2018.

Upon completion of the above transfers, Beijing Sunshine Ronghui, Sunshine Life Insurance and Shixenze Ansheng ceased to be shareholders of Genor Biopharma, and the interests of Walvax, Conba, Huaxing Kangping and Yuxi Runtai in Genor Biopharma were 68.47%, 21.05%, 5.22% and 5.26% respectively.

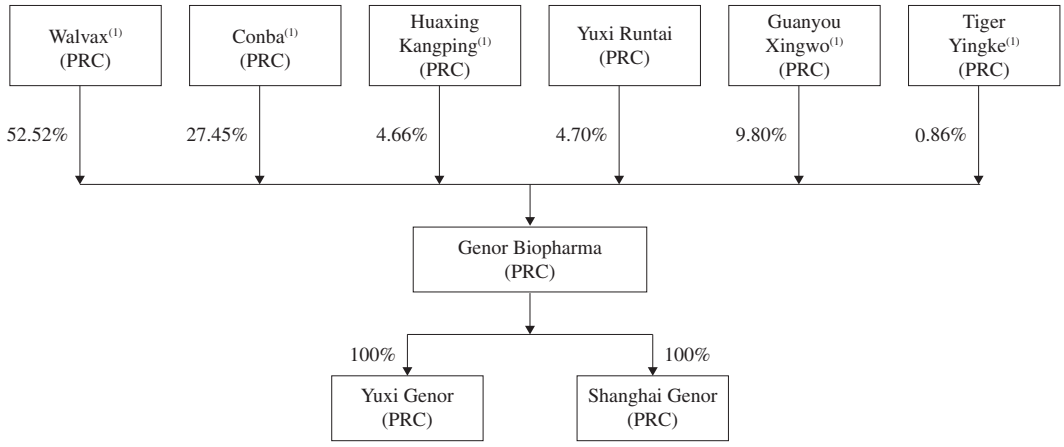
Investment of Guanyou Xingwo and Tiger Yingke

By a capital increase agreement dated 20 June 2018, each of Jiaxing Guanyou Xingwo Equity Investment Partnership, L.P. (嘉興觀由興沃股權投資合夥企業(有限合夥)) ("**Guanyou Xingwo**") and Pingtan Tiger Yingke Investment Partnership, L.P. (平潭泰格盈科創業投資合夥企業(有限合夥)) ("**Tiger Yingke**") agreed to invest in Genor Biopharma through subscription of 9.80% and 0.86% of its registered capital, respectively, at the total consideration of RMB370,000,000. Such consideration was determined based on arm's length negotiation with reference to the valuation of Genor Biopharma at the time of the equity transfer in May 2018. The capital increase was completed on 9 August 2018.

Equity Transfer from Walvax to Conba

On 28 August 2018, Conba acquired 8.65% of the equity interest in Genor Biopharma from Walvax at the consideration of RMB300,000,000, which was determined based on arm's length negotiation with reference to the valuation of Genor Biopharma and the increase in its registered capital and paid-up capital in June 2018. Upon completion of the equity transfer, the interest of Conba in Genor Biopharma increased to 27.45% and interest of Walvax reduced to 52.52% accordingly.

Immediately prior to the Reorganisation, the shareholding structure of Genor Biopharma is as set forth in the following chart:



Note:

(1) Walvax, Conba, Huaxing Kangping, Guanyou Xingwo and Tiger Yingke are affiliates to certain shareholders of our Company immediately after Listing. For details of their background, please refer to the paragraph headed "– Reorganisation – Issuance of Shares by our Company to the Onshore Investors' Affiliates" in this section.

Major Shareholding Changes of Yuxi Genor

In July 2014, Yuxi Genor was incorporated in the PRC as a limited liability company by Jiaxing Woxi Investment Partnership, L.P. (嘉興沃喜投資合夥企業(有限合夥)) ("**Jiaxing Woxi**") and Genor Biopharma, with an initial registered capital of RMB10,000,000, and each of Jiaxing Woxi and Genor Biopharma held RMB7,000,000 and RMB3,000,000 of the registered capital.

By a share transfer agreement dated 2 March 2015 entered into between Jiaxing Woxi and Genor Biopharma, Jiaxing Woxi agreed to transfer its 70% equity interest in Yuxi Genor to Genor Biopharma at nil consideration, which was determined by the parties based on arm's length negotiation with reference to the circumstances that the registered capital of Yuxi Genor had not been paid. The transfer was completed on 19 March 2015, after which Genor Biopharma became the sole shareholder of Yuxi Genor.

The registered capital of Yuxi Genor was increased to RMB70,000,000 in August 2016. Genor Biopharma had contributed all the RMB70,000,000 in the registered capital of Yuxi Genor by 18 July 2016.

Major Shareholding Changes of ABT

ABT was incorporated under the laws of the State of Delaware, the United States on 19 August 2019 with the total of 12,000,000 authorized shares of Common Stock at US$0.00001 par value per share (the "**Common Stock**"). Immediately after its incorporation, ABT issued 9,000,000 shares of the Common Stock to ABS.

On 27 September 2019, the Company acquired 7,200,000 shares of the common stock from ABS and 800,000 shares of the common stock from Dr. Yue Liu, and ABT issued to our Company 3,333,333 shares of the series A preferred stock of ABT (the "**ABT Series A Preferred**"). For details of the share acquisition, please refer to the paragraphs headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares".

REORGANISATION

In preparation for the Listing, our Group underwent the following Reorganisation, as a result of which our Company became the holding company of our Group:

Acquisition of HHCT by our Company

HHCT was incorporated as a limited liability company under the laws of Hong Kong on 24 October 2016, with a total issued share capital of HK$0.001 divided into one ordinary share, held by Hong Kong Corporation Management Limited, as its initial subscriber.

After several equity transfers, on 21 September 2017, HH VK Holdings Limited, the then shareholder of HHCT which is ultimately managed and controlled by Hillhouse Capital Management Ltd., transferred the one share in HHCT to our Company at a consideration of HK$0.001. Upon completion of the transfer, HHCT became wholly owned by our Company. HHCT is primarily engaged in investment holding.

Subscription and Transfer of the entire equity interest in Genor Biopharma

In November 2018, HHCT (i) entered into a share transfer agreement with each of Walvax, Yuxi Runtai and Huaxing Kangping, pursuant to which an aggregate of RMB224,012,210 registered capital (representing 45.86% equity interest, among which 37.8%, 4.7%, 3.36% equity interest were transferred by Walvax, Yuxi Runtai and Huaxing Kangping, respectively, to HHCT, prior to capital increase) in Genor Biopharma was transferred to HHCT, for an aggregate cash consideration of RMB1,591,430,000.10, which was determined based on arm's length negotiations between the parties with reference to the valuation of Genor Biopharma after its capital increase in June 2018; and (ii) entered into a capital increase

agreement with Genor Biopharma, pursuant to which HHCT agreed to subscribe for RMB40,820,860 of the registered capital of Genor Biopharma at the consideration of RMB290,000,000, which was determined based on the then valuation of Genor Biopharma.

Following the completion of the share transfer and the capital increase on 16 November 2018, the registered capital of Genor Biopharma was increased from RMB488,442,704 to RMB529,263,564 and Genor Biopharma was held as to 50.04% by HHCT.

In July 2019, HHCT entered into a share transfer agreement with Walvax, Conba, Guanyou Xingwo, Tiger Yingke, Huaxing Kangping, being all the then shareholders of Genor Biopharma (the "**Onshore Investors**"), pursuant to which an aggregate of RMB264,430,494 registered capital (representing 49.96% equity interest, among which 13.59%, 25.34%, 9.04%, 0.80% and 1.20% equity interest were transferred by Walvax, Conba, Guanyou Xingwo, Tiger Yingke and Huaxing Kangping, respectively, to HHCT) in Genor Biopharma was transferred to HHCT for a total consideration of RMB1,878,569,999, which was determined based on arm's length negotiations among the parties after taking into account the subscription price of the Shares to be issued and allotted by our Company to the Onshore Investors' affiliates under the share purchase agreement dated 24 June 2019 as further disclosed below.

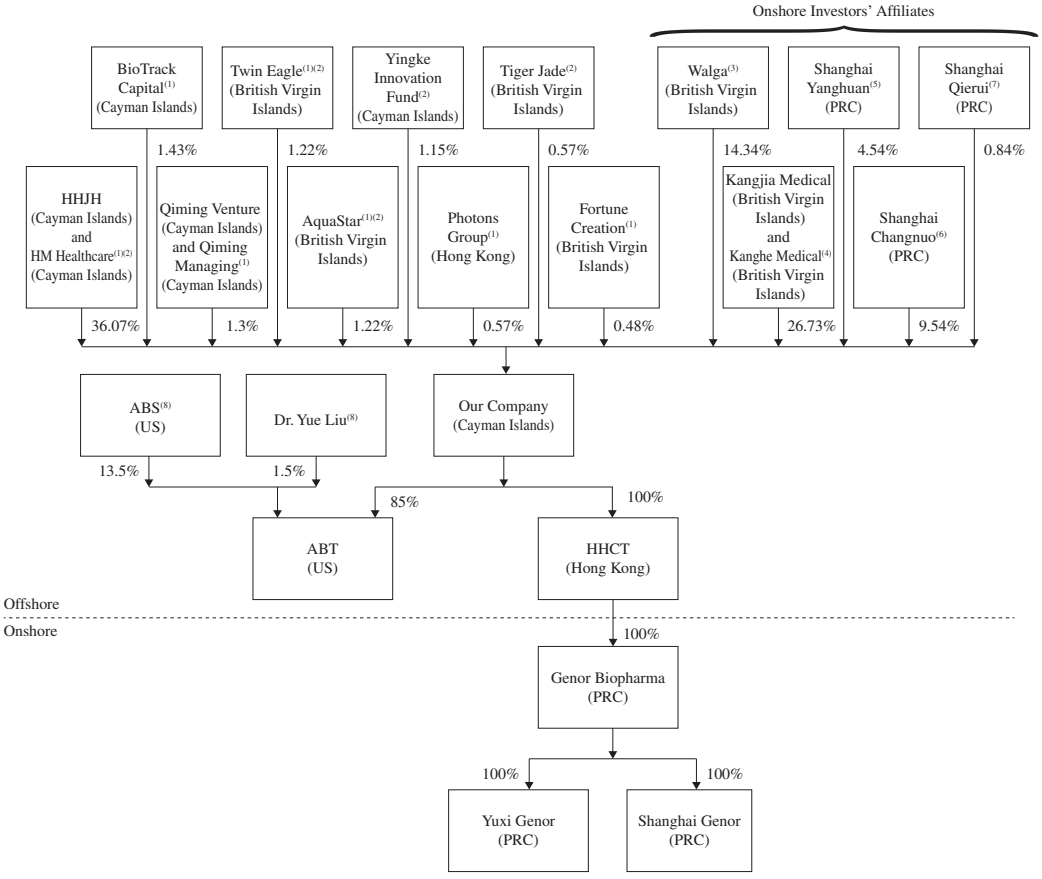
Following the completion of the above transfer on 14 August 2019, Genor Biopharma became a wholly-owned subsidiary of HHCT.

Issuance of Shares by our Company to the Onshore Investors' Affiliates

By a share purchase agreement dated 24 June 2019, the respective affiliates of the Onshore Investors agreed to subscribe for an aggregate of 293,409,134 Shares in our Company at a total consideration of RMB1,995,182,100, which was determined based on arm's length negotiations among the parties taking into account the then valuation of our Company at the time of the December 2018 Equity Financing. The 293,409,134 Shares were issued and allotted by our Company to the respective affiliates of the Onshore Investors, namely Walga, Kangjia Medical, Kanghe Medical, Shanghai Yanghuan, Shanghai Changnuo and Shanghai Qierui (collectively, the "**Onshore Investors' Affiliates**") during the period from August 2019 to October 2019, details which are set forth below:

Name of Onshore Investors' Affiliates	**Consideration** *(RMB)*	**Number of Shares subscribed**	**Date on which consideration was fully settled**
Walga	510,829,600	75,121,996	27 August 2019
Kangjia Medical	350,000,000	51,470,590	23 October 2019
Kanghe Medical	602,630,401	88,622,121	30 October 2019
Shanghai Yanghuan	161,722,100	23,782,662	23 September 2019
Shanghai Changnuo	340,000,000	50,000,000	6 September 2019
Shanghai Qierui	30,000,000	4,411,765	23 August 2019

Upon completion of the above steps, our Company became the holding company of our Group. The following chart sets forth the shareholding structure of our Group immediately upon completion of the Reorganisation on 31 October 2019 and taking into account the Pre-IPO Investments completed on or prior such date:



Notes:

(1) HHJH, Fortune Creation, BioTrack Capital, Qiming Venture, Qiming Managing, Photons Group, Twin Eagle and AquaStar acquired the Shares in our Company as our Pre-IPO Investors. Please refer to the paragraph headed "Pre-IPO Investments – Series A Financing – December 2018 Equity Financing" in this section for further details.

(2) HHJH, Twin Eagle, AquaStar, HM Healthcare, Yingke Innovation Fund and Tiger Jade acquired the Shares in our Company as our Pre-IPO Investors. Please refer to the paragraph headed "Pre-IPO Investments – Series A Financing – October 2019 Equity Financing" in this section for further details.

(3) Walga is an indirect wholly-owned subsidiary of Walvax, one of the Onshore Investors and a shareholder of our Company immediately after Listing.

(4) Both Kangjia Medical and Kanghe Medical are the indirect wholly-owned subsidiaries of Conba, one of the Onshore Investors and a substantial shareholder of our Company immediately after Listing.

(5) Shanghai Yanghuan is a limited partnership established in the PRC. Huaxing Kangping, one of the Onshore Investors, is a limited partner of Shanghai Yanghuan.

(6) Shanghai Changnuo is a limited partnership established in the PRC. Guanyou Xingwo, one of the Onshore Investors, is a limited partner of Shanghai Changnuo.

(7) Shanghai Qierui is a limited partnership established in the PRC. Tiger Yingke, one of the Onshore Investors, was formerly a limited partner of Shanghai Qierui.

(8) ABS and Dr. Yue Liu are founders of ABT, one of our Company's subsidiaries. Dr. Yue Liu is also a director of ABT. Both ABS and Dr. Yue Liu are Independent Third Parties by virtue of ABT being an insignificant subsidiary of our Company as defined under the Listing Rules. For further details of our shareholding in ABT, please refer to the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares" in this section for further details.

Our PRC Legal Advisor confirmed that, insofar as the PRC law is concerned, all necessary regulatory approvals required under the PRC laws and regulations in relation to the Reorganisation as described above have been obtained and complied with applicable PRC laws and regulations in all material aspects.

PRE-IPO INVESTMENTS

Overview

Our Company obtained several rounds of investments from the Pre-IPO Investors, details of which are set out below. For more information on the background of the Pre-IPO Investors, please refer to the paragraph headed "– Information about the Pre-IPO Investors" below.

Series A Financing

December 2018 Equity Financing

On 19 November 2018, each of HHJH, Yaly Capital, Fortune Creation, BioTrack Capital, Qiming Venture, Qiming Managing, Photons Group, Twin Eagle, AquaStar, Sun Moral and Jinsheng Capital (collectively, the "**Investors**") entered into the 2018 Share Subscription Agreement with our Company, pursuant to which the Investors agreed to subscribe for an aggregate of 276,680,782 Shares in our Company at a subscription price of approximately US$1.0 per Share, which was determined based on arm's length negotiations among the parties taking into consideration the timing of the investment, our Group's R&D capabilities, prospects, operation team and strategic needs. The Shares subscribed were issued by our Company to the Investors (save for Yaly Capital, Jinsheng Capital and Sun Moral, which agreed to subscribe for 14,705,882, 32,738,660 and 17,148,839 Shares respectively but did not proceed with completion of the subscription) on 3 December 2018. Details of the share subscription are set forth in the table below:

Name of the investor	**Consideration** *(US$)*	**Number of Shares subscribed**	**Date on which consideration was fully settled**	**Shareholding percentage in our Company immediately after completion of the 2018 Share Subscription Agreement** *(%)*
HHJH	185,487,500.88	185,487,401[(1)]	27 December 2019	87.46
Fortune Creation	2,500,000.00	2,500,000	17 December 2018	1.18
BioTrack Capital	7,500,000.00	7,500,000	3 December 2018	3.54
Qiming Venture	6,621,819.60	6,621,820	30 November 2018	3.12
Qiming Managing	178,180.40	178,180	30 November 2018	0.08
Photons Group	3,000,000.00	3,000,000	4 December 2018	1.41
Twin Eagle	3,400,000.00	3,400,000	3 December 2018	1.60
AquaStar	3,400,000.00	3,400,000	3 December 2018	1.60

Note:

(1) In addition to the 185,487,401 Shares subscribed by HHJH pursuant to the 2018 Share Subscription Agreement, due to the redesignation of our Company's authorised share capital, the one Share in our Company held by HHJH was split into 100 Shares on the same date. Please refer to the paragraph headed "Corporate Establishment and Development – Major Shareholding Changes of our Company" for details of the redesignation.

As Yaly Capital, Jinsheng Capital and Sun Moral did not proceed with completion under the 2018 Share Subscription Agreement, our Company terminated their respective subscription under the 2018 Share Subscription Agreement by an agreement entered into with Yaly Capital on 11 May 2020 and by a notice issued to each of Jinsheng Capital and Sun Moral respectively on 26 May 2020. On 11 May 2020, Yaly Capital acquired 3,000,000 Shares in our Company. Please refer to the paragraph headed "– Subscription by Yaly Capital" below for further details.

October 2019 Equity Financing

On 22 October 2019, Twin Eagle, AquaStar, HM Healthcare, TG River, Tiger Jade and Yingke Innovation Fund, having been designated by HHJH to purchase from our Company an aggregate of 22,500,000 Shares (being part of the initial subscription of Yaly Capital and Jinsheng Capital) pursuant to the 2018 Shares Subscription Agreement, entered into the October 2019 Shares Subscription Agreement with our Company, pursuant to which they agreed to subscribe for an aggregate of 22,500,000 Shares for a total consideration of US$22,500,000. The consideration was determined based on arm's length negotiations between our Company and the parties, taking into account the timing of investments and the business needs of our Group. The completion of the allotment and issue of such Shares occurred on various dates during the period from October 2019 to November 2019.

In December 2019, pursuant to the December 2019 Shares Subscription Agreement, HHJH, Hongkong Tigermed and Yingke Innovation Fund further subscribed for an aggregate of 21,944,542 Shares (which were parts of the initial subscription by Yaly Capital and Jinsheng Capital under the 2018 Share Subscription Agreement) at a subscription price of US$1.0 per Share. Such Shares were issued and allotted during the period from December 2019 to January 2020.

Details of the subscription of Shares pursuant to the October 2019 Shares Subscription Agreement and the December 2019 Shares Subscription Agreement are set forth below:

Name of investor	**Consideration** *(US$)*	**Number of Shares subscribed**	**Date on which consideration was fully settled**	**Shareholding percentage in our Company immediately after completion of the October 2019 Shares Subscription Agreement and the December 2019 Shares Subscription Agreement** *(%)*
HHJH	11,944,542.5	11,944,542	27 December 2019	35.39
Twin Eagle	3,000,000	3,000,000	23 October 2019	1.15
AquaStar	3,000,000	3,000,000	23 October 2019	1.15
HM Healthcare	3,500,000	3,500,000	25 October 2019	0.63
TG River	4,000,000	4,000,000	12 November 2019	0.72
Tiger Jade	3,000,000	3,000,000	28 October 2019	0.54
Hongkong Tigermed	5,000,000	5,000,000	6 January 2020	0.89
Yingke Innovation Fund	11,000,000	11,000,000	13 January 2020	1.97

Subsequent Transfer of Shares by Kangjia Medical in January 2020

On 26 January 2020, Conba, through its indirect wholly-owned subsidiary Kangjia Medical, transferred a total of 24,486,666 Shares, representing approximately 4.10% of the total issued share capital of our Company at that time, to True Magic Investments Limited ("**True Magic**"), Shanghai Yuyi Enterprise Management Partnership (Limited Partnership) (上海裕詣企業管理合夥企業(有限合夥)) ("**Shanghai Yuyi**"), Long Fast Limited ("**Long Fast**") and Puhua Capital Ltd ("**Puhua Capital**") for a total consideration of US$28,784,857, being approximately US$1.18 per Share. To the best knowledge of our Company, Conba conducted the transfer in order to better allocate its resources for the development of its new business segment, and the consideration was determined based on arm's length negotiations between Kangjia Medical and the purchasers.

Subscription by Yaly Capital

Pursuant to and as one of the parties of the 2018 Share Subscription Agreement, details of which are disclosed in the paragraph "– December 2018 Equity Financing" above, Yaly Capital had paid an amount of US$3,000,000 to our Company on 11 December 2018 as part of the consideration for its contemplated subscription of shares, while the remaining balance was left unsettled.

On 11 May 2020, our Company and Yaly Capital entered into an agreement, pursuant to which (i) the parties agreed to terminate Yaly Capital's subscription of Shares under the 2018 Share Subscription Agreement, and (ii) our Company agreed to issue 3,000,000 Shares to Yaly Capital for a consideration of US$3,000,000, which will be settled by setting off the US$3,000,000 paid by Yaly Capital on 11 December 2018. The 3,000,000 Shares were issued to Yaly Capital on 11 May 2020.

Save for (i) the Series B Preferred Shares issued under the 2020 Shares Subscription Agreement as set out in the paragraph headed "– Series B Financing" below, (ii) the Shares held by Walga, and (iii) the Shares issued and allotted under the Pre-IPO Share Option Plan, all other issued Shares of our Company were reclassified as Series A Preferred Shares on 26 May 2020.

Series B Financing

Issuance of Convertible Notes in 2020

On 12 March 2020, our Company and HHJH entered into the Note Purchase Agreement, pursuant to which HHJH agreed to extend to our Company a loan up to US$30,000,000, which may be drawn by different installments, each evidenced by a convertible promissory note issued by our Company. HHJH was entitled to convert all or any portion of the principal amount, together with any interest and arrangement fees accrued thereon, into equity securities of our Company in the next equity financing.

During the period from March 2020 to May 2020, our Company issued five convertible promissory notes to HHJH for a total principal amount of US$17,000,000 (the "**Notes**"). Each of the Notes was due and payable on the earlier of the three hundred and sixty-fifth day from the date of each of the Notes and the date of termination of the Note Purchase Agreement unless it was converted into equity securities issued in the next round of financing. The number of equity securities issued by our Company to HHJH upon conversion of the Notes was equal to the quotient obtained by dividing the conversion amount on the date of conversion by the conversion price, which equaled (i) the purchase price per share of the equity securities of our Company to be sold in the next round of financing, or (ii) the per share price as otherwise agreed by our Company and HHJH.

In May 2020, HHJH converted all principal amount, interest and arrangement fees under the Notes into Series B Preferred Shares of our Company. For details of such conversion, please refer to the paragraph headed "Series B Financing – May 2020 Equity Financing" below.

By a letter dated 24 June 2020, our Company and HHJH further agreed no additional notes will be issued or subscribed for under the Note Purchase Agreement.

May 2020 Equity Financing

On 18 May 2020, each of HHJH, Aranda Investments, Honor Noble, HaiTong XuYu, CPED Pharma, NM Strategic, Strategic China Healthcare and Solshire International entered into the 2020 Shares Subscription Agreement with our Company, HHCT and Genor Biopharma in relation to subscriptions of an aggregate of 145,576,631 Series B Preferred Shares at a subscription price of approximately US$1.0991 per Series B Preferred Share, which was determined based on arm's length negotiations among the parties taking into consideration of the timing of the investment, the acquisition of ABT and the business prospects of our Company. The issue and allotment of such Series B Preferred Shares were completed on 27 May 2020. Details of the subscription of Shares pursuant to the 2020 Shares Subscription Agreement are set forth below:

Name of investor	**Consideration** *(US$)*	**Number of Shares subscribed**	**Date on which consideration was fully settled**	**Shareholding percentage in our Company immediately after completion of the 2020 Shares Subscription Agreement[(2)]** *(%)*
HHJH	60,500,000	55,046,164[(1)]	26 May 2020	35.10
Aranda Investments	50,000,000	45,492,697	26 May 2020	6.32
Honor Noble	10,000,000	9,098,539	27 May 2020	1.26
HaiTong XuYu	20,000,000	18,197,079	26 May 2020	2.53
CPED Pharma	11,250,000	10,235,857	26 May 2020	1.42
NM Strategic	4,000,000	3,639,416	26 May 2020	0.51
Strategic China Healthcare	1,250,000	1,137,317	27 May 2020	0.16
Solshire International	3,000,000	2,729,562	26 May 2020	0.38

Notes:

(1) Among the Series B Preferred Shares issued by our Company to HHJH under the 2020 Shares Subscription Agreement, 15,915,202 Series B Preferred Shares were issued to HHJH upon its conversion of the Notes.

(2) Based on the assumption that each Preferred Share is converted into one Ordinary Share.

Principal Terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

Term	**Series A Financing**	**Series B Financing**
Investment cost per Preferred Share paid by the Pre-IPO Investors (approximation)[(1)]	US$1.00 per Preferred Share	US$1.0991 per Preferred Share
Adjusted investment cost per Preferred Share paid by the Pre-IPO Investors (approximation)[(2)]	US$2.00 per Preferred Share	US$2.1982 per Preferred Share
Valuation (approximation)	US$553 million	US$791 million[(5)]
Discount to the Offer Price[(3)]	30.0%	23.1%
Funds raised by our Group (approximation)	US$260 million	US$160 million
Number of Preferred Shares subscribed	259,531,943 Series A Preferred Shares[(4)(6)]	145,576,631 Series B Preferred Shares[(6)]
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds for (a) the acquisition costs of the Reorganisation, Ab Purchase Subscription and Ab Share Purchase, and (b) working capital. As of the Latest Practicable Date, 100% of the net proceeds of Series A Financing and approximately 40.5% of the net proceeds of Series B Financing have been utilized by our Group respectively.	
Strategic benefits brought to our Company	At the time of the Pre-IPO Investments, our Directors are of the view that our Company had benefited from the additional capital provided by the Pre-IPO Investors and the industry knowledge and experience of the relevant Pre-IPO Investors.	

Term	Series A Financing	Series B Financing
Lock-up Period	Our Pre-IPO Investors are subject to lock-up arrangements from the date of this prospectus until the date specified by our Company and the Underwriters, being 180 days from the date of this prospectus. Each of HHJH and HM Healthcare (excluding the Shares to be subscribed by HHJH as a cornerstone investor, which are subject to a 6-month lock-up period pursuant to the relevant cornerstone investment agreement, details of which are set out in the section headed "Cornerstone Investors"), Kanghe Medical, AquaStar, Twin Eagle, Tiger Jade, Shanghai Changnuo, Hongkong Tigermed, TG River and Walga has further undertaken to our Company to lock up the Shares held by them as at the Listing Date until 12 months after the Listing.	
Conversion	All Preferred Shares will automatically be converted into Shares on a one-to-one basis on the Listing Date.	

Notes:

(1) The investment cost is determined based on the number of Preferred Shares held by the Pre-IPO Investors without taking into account the Share Consolidation, further details of which are described in the paragraph headed "Share Consolidation" in this section.

(2) The adjusted investment cost is determined based on the number of Preferred Shares held by the Pre-IPO Investors after taking into account the Share Consolidation.

(3) The discount to the Offer Price is calculated based on the Offer Price of HK$22.15 per Share, being the mid-point of the indicative Offer Price range, and the conversion of all the Preferred Shares into Shares on a one-to-one basis (taking into account the Share Consolidation) on the Listing Date.

(4) The number of Series A Preferred Shares includes only those issued to Pre-IPO Investors in Series A Financing only and therefore does not include those held by the Onshore Investors' Affiliates.

(5) On the calculation that (i) no further Shares are issued upon the exercise of share options under the Pre-IPO Share Option Scheme (except those issued to Watchmen Alpha, J&Z Biologicals and Great JH Bio before the Series B Financing), and (ii) the Consideration Shares and Earn-out Shares are not issued by the Company. For details of the Consideration Shares and Earn-out Shares, please refer to the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares – ABT Subscription and Stock Purchase Agreement" in this section.

(6) The number of Preferred Shares as at the time of financing is not affected by and does not take into account the Share Consolidation.

Rights of the Pre-IPO Investors

All of our Pre-IPO Investors are currently bound by the Fifth Amended Articles, which will be replaced by our Articles of Association effective upon the Listing, and the Shareholders Agreement. Pursuant to the Fifth Amended Articles and the Shareholders Agreement, the Pre-IPO Investors were granted certain special rights including, among others:

(i) right to elect directors and appoint observer to our Board;

(ii) right to receive financial statements and annual budget plan of our Company and inspect properties and examine books and records of our Company;

(iii) right of first refusal;

(iv) pre-emptive right to purchase up to a pro rata share of any new securities which our Company may propose to issue;

(v) drag-along right of Shareholders holding at least two thirds of the outstanding Preferred Shares (which includes HHJH) to require other Shareholders to join in the sale of our Company's shares;

(vi) right of Shareholders of more than fifty percent of the voting power of the issued and outstanding Preferred Shares (which includes HHJH) to have certain reserved matters that require their written approval; and

(vii) most favored nation treatment to the holders of Series B Preferred Shares.

All such special rights shall cease to be effective and be discontinued upon Listing.

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form, to the Listing Division of the Hong Kong Stock Exchange in relation to the Listing and (ii) all special rights granted to the Pre-IPO Investors shall cease to be effective and be discontinued upon or before the Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with (i) the Guidance Letter HKEX-GL29-12 (Interim Guidance on Pre-IPO Investments) issued by the Hong Kong Stock Exchange in January 2012 and as updated in March 2017; (ii) the Guidance Letter HKEX-GL43-12 issued by the Hong Kong Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and (iii) the Guidance Letter HKEX-GL44-12 issued by the Hong Kong Stock Exchange in October 2012 and updated in March 2017.

Information about the Pre-IPO Investors

Information of the Pre-IPO Investors are set out below:

(a) HHJH

HHJH is an exempted company incorporated in the Cayman Islands with limited liability. HHJH is wholly owned by HH BIO Investment Fund, L.P. ("**HH BIO**"), an exempted limited partnership established in the Cayman Islands. The sole limited partner of HH BIO is Hillhouse Fund IV, L.P., which is managed and controlled by Hillhouse Capital Management, Ltd., an exempted company incorporated under the laws of the Cayman Islands ("**Hillhouse Capital**"). The sole general partner of HH BIO is HH BIO Holdings GP, Ltd. The principal business activity of HHJH is investment holding. Please see the section headed "Substantial Shareholders" for more details.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital is a Sophisticated Investor and invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

Hillhouse Capital decided to invest in our Group as it is optimistic of the prospects of the pharmaceutical market in the PRC and the potential growth in our Group, having considered our strong R&D and commercial production capabilities, our drug candidates, and the prospect of our business. Hillhouse Capital is satisfied with the business and financial conditions of our Group and has become one of our Pre-IPO Investors.

(b) HM Healthcare

HM Healthcare is an exempted company incorporated in the Cayman Islands with limited liability. HM Healthcare's controlling shareholder is HM Healthcare Services, Ltd., whose controlling stake is held by Hillhouse Fund II, L.P.. Hillhouse Capital acts as the sole management company of Hillhouse Fund II, L.P..

(c) Aranda Investments

Aranda Investments is a company incorporated in Singapore and its principal activity is investment trading and investment holding. Aranda Investments is wholly owned by Seletar Investments Pte Ltd, which in turn is wholly owned by Temasek Capital (Private) Limited.

Temasek Capital (Private) Limited is a wholly owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Supported by its network of international offices, Temasek owns a S$306 billion portfolio as at 31 March 2020, with two thirds underlying exposure in Asia. Temasek's investment activities are guided by four investment themes and the long term trends they represent: Transforming Economies; Growing Middle Income Populations; Deepening Comparative Advantages; and Emerging Champions. Temasek's investment strategy allows it to capture opportunities across the sectors in which they invest that help bring about a better, smarter and more connected world. Its investments in the life sciences sector include Wuxi Apptech, Celltrion, Inc., Thermo Fisher Scientific Inc., Aerogen, Dr. Agarwal's Healthcare, Hangzhou Tigermed, Orchard Therapeutics, and Surgery Partners.

(d) HaiTong XuYu

HaiTong XuYu, a business company incorporated in the British Virgin Islands, is a wholly owned subsidiary of Haitong Capital International Investment Co., Limited and is an investment holding company. Haitong Capital International Investment Co., Limited was incorporated under the laws of Hong Kong and is a wholly-owned subsidiary Haitong International Holdings Limited, which is in turn wholly-owned by Haitong Securities Co., Ltd., a company whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 6837) and the Shanghai Stock Exchange (stock code: 600837), respectively.

(e) Yingke Innovation Fund

Yingke Innovation Fund is an exempted limited partnership registered in the Cayman Islands. The general partner of Yingke Innovation Fund is Yingke PE Co., Ltd., an exempted company incorporated in the Cayman Islands, which focuses on private equity investments. Mr. Qian Mingfei ("Mr. Qian") is the founder of, and Mr. Qian Boyu, a family member of Mr. Qian, is the sole shareholder of Yingke PE Co., Ltd. Mr. Qian is the chairman of YINGKE PE Asset Management Co., Ltd. Mr. Qian has over 20 years of capital market experience and investment management experience, and was involved in a number of leading investment projects in the biotech sector, including, among others, Chengdu Kanghua Biological Products Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300841) and Shanghai Sanyou Medical Co., Ltd, a company listed on the Shanghai Stock Exchange (stock code: 688085).

(f) Twin Eagle and AquaStar

Each of Twin Eagle and AquaStar is a business company incorporated in the British Virgin Islands as an investment holding company. Twin Eagle is wholly owned by Taitong Late Stage Fund L.P, an exempted limited partnership registered in the Cayman Islands. Its general partner, TF Venture Capital Management Co., Ltd., is a limited liability company incorporated in the Cayman Islands. AquaStar is wholly owned by TF Capital Fund III L.P., an exempted limited partnership registered in the Cayman Islands. TF Capital Fund III L.P. is managed and controlled by TF Venture Capital Management Co., Ltd (as its manager) and Taitong Fund Management Co., Ltd. (as its general partner), each being a limited company incorporated in

the Cayman Islands. Both TF Venture Capital Management Co., Ltd. and Taitong Fund Management Co., Ltd. are wholly-owned by Infinity Ventures Limited, which is 100% owned by Ms. Chiang Chen Hsiu-Lien. Ms. Chiang has invested in a number of publicly traded companies in healthcare industry, including, among others, Zai Lab Limited, a company listed on NASDAQ (stock code: ZLAB), Hua Medicine, a company listed on the Stock Exchange (stock code: 2552) and Frontage Holdings Corporation, a company listed on the Stock Exchange (stock code: 1521). The limited partners of Taitong Late Stage Fund L.P. and TF Capital Fund III L.P. are professional investment companies and high net worth individuals. The portfolio companies of the two entities focus on biotech and healthcare industries, including, among others, Frontage Holdings Corporation, a company listed on the Stock Exchange (stock code: 1521) and Hua Medicine, a company listed on the Stock Exchange (stock code: 2552).

(g) Hongkong Tigermed, TG River and Tiger Jade

Hongkong Tigermed is a limited liability company incorporated in Hong Kong and its principal activity is investment holding. Hongkong Tigermed is a wholly-owned subsidiary of Hangzhou Tigermed Consulting Co., Ltd (杭州泰格醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and a China-based provider of comprehensive biopharmaceutical R&D services ("**Hangzhou Tigermed**").

TG River is a business company incorporated in the British Virgin Islands and is primarily engaged in investment holding. It is wholly owned by TG Sino-Dragon Fund L.P., an exempted limited partnership registered in the Cayman Islands. Its general partner, TG Mountain Investment Co., is an exempted company registered in the Cayman Islands and is a wholly-owned subsidiary of Hongkong Tigermed.

Tiger Jade is a business company incorporated in the British Virgin Islands. It is wholly owned by Tiger Jade Capital Fund L.P. (泰欣資本有限合伙基金), an exempted limited partnership registered in the Cayman Islands. Tiger Jade Capital (泰欣資本), an exempted company incorporated in the Cayman Islands with limited liability and wholly owned by Ms. Liu Ying, is its general partner. As of the Latest Practicable Date, Hangzhou Tigermed, indirectly through a limited partner of Tiger Jade Capital Fund L.P., holds 46.33% of the interests in Tiger Jade Capital Fund L.P. (泰欣資本有限合伙基金).

(h) CPED Pharma

CPED Pharma is an investment holding company incorporated under the laws of the Cayman Islands. CPED Pharma is 100% owned by Cavenham Private Equity and Directs, which is in turn indirectly 100% owned by Cavamont Holdings Limited. Cavamont Holdings Limited is owned by EastWest Trust Company Limited and BlueSeas Trust Company Limited, both of which are licensed trustee companies incorporated in the Cayman Islands and are regulated by Cayman Islands Monetary Authority, as trustees of discretionary and irrevocable trusts created for the benefit of the close family of the late Sir James Goldsmith, none of whom control 10% or more of the voting rights in CPED Pharma.

(i) True Magic

True Magic is a business company incorporated in the British Virgin Islands and is managed and controlled by Mr. Zhang Junjie. True Magic is an investment holding company. Mr. Zhang has invested in a number of private biopharmaceutical companies, including, among others, Zhejiang Guobang Pharmaceutical Co., Ltd. (浙江國邦醫藥化工集團有限公司) and Harbin Paisi Feike Biological Pharmaceutical Co., Ltd. (哈爾濱派斯菲科生物製藥股份有限公司).

(j) Honor Noble

Honor Noble is a business company incorporated in the British Virgin Islands with its principal activity in investment holding. Honor Noble is wholly owned by CR-CP Life Science Fund, L.P., a limited partnership established in the Cayman Islands. Its general partner is CR-CP Life Science Fund Management Limited, a company incorporated in the Cayman Islands and indirectly owned as to 50% by China Resources Company Limited (a company incorporated in the PRC) and 50% by Charoen Pokphand Group Company Limited (a company organized under the laws of the Kingdom of Thailand) respectively. CR-CP Life Science Fund, L.P. is mandated to invest in leading life science companies that develop innovative drugs and therapies, medical technology and smart healthcare technology.

(k) BioTrack Capital

BioTrack Capital is a Cayman Islands exempted limited partnership and is targeting to achieve long-term capital appreciation through equity and equity-related investments primarily in healthcare and healthcare related opportunities. BioTrack Fund I GP, LP, acts as the sole general partner of BioTrack Capital and the limited partners of BioTrack Capital include family offices, foundations, fund of funds, endowments and other qualified investors. The sole general partner of BioTrack Fund I GP, LP, is BioTrack Fund I GP Limited, a Cayman Islands exempted company and an indirect wholly-owned company of Mr. Zhi Zhongji. Mr. Zhi Zhongji has more than 20 years' experience in managing and investing in healthcare companies.

(l) Shanghai Yuyi

Shanghai Yuyi is a limited partnership established under the laws of the PRC and its principal business activities include corporate management and consultancy, financial management consultancy and business information consultancy. Its general partner is Hangzhou Qianjianghui Asset Management Partnership (Limited Partnership) (杭州錢江匯資產管理合夥企業(有限合夥)), which has not made any investment other than in Shanghai Yuyi. Shanghai Yuyi is ultimately owned by Mr. Gong Xiaolin. Mr. Gong is the executive chairman and secretary-general of Zhejiang Investment and M&A Association and his investments in the capital market mainly focus on financial technology, communication technology and medical fields.

(m) Qiming Venture and Qiming Managing

Qiming Venture and Qiming Managing are venture capital funds focusing on investments in companies in the Technology, Media, and Telecom (TMT) and healthcare sectors across China. Each of Qiming Venture and Qiming Managing is an exempted limited partnership registered in the Cayman Islands. The limited partners of Qiming Venture and Qiming Managing include reputable international university endowment funds, pension funds, family trusts and fund-of-fund professional investment companies. Each of Qiming Venture and Qiming Managing is managed and controlled by its ultimate general partner Qiming Corporate GP VI, Ltd, an exempted company incorporated in the Cayman Islands. Qiming Corporate GP VI, Ltd is owned by Mr. Duane Kuang, Mr. Gary Rieschel and Ms. Nisa Bernice Wing-Yu Leung, each as a 33.33% shareholder. Mr. Duane Kuang, Mr. Gary Rieschel and Ms. Nisa Bernice Wing-Yu Leung are managing partners of Qiming Venture Partners, which is a leading China venture capital firm with over US$5.4 billion assets under management. The portfolio companies of Qiming Venture and Qiming Managing in the healthcare sector include, among others, Frontage Holdings Corporation, a company listed on the Stock Exchange (stock code: 1521), Schrödinger, Inc., a company listed on NASDAQ (stock code: SDGR), and other privately held companies focusing on therapeutic drug discovery, medical device and healthcare services.

(n) Puhua Capital

Puhua Capital is an international company incorporated in Samoa and is engaged in equity investment in medical and technology companies. Puhua Capital is wholly owned by Mr. Shou Bainian, the founder of Greentown China Holdings Limited, a company listed on the Stock Exchange (stock code: 3900). Mr. Shou has invested in a number of private companies in healthcare sectors, including biotech, pharmaceutical, healthcare services, in the PRC.

(o) NM Strategic and Strategic China Healthcare

NM Strategic is an exempted limited partnership registered in the Cayman Islands with its principal activity in private equity investment. NM Strategic Partners II, Ltd, a company incorporated in the Cayman Islands, acts as its general partner. NM Strategic has approximately 13 limited partners, which include institutional investors, family offices and high net worth individuals. NM Strategic seeks long-term investments in primarily growth stage companies in the fields of healthcare, fintech, consumer and related technology, products and services. Strategic China Healthcare is a limited company incorporated in Hong Kong and is principally engaged in investment holding. Strategic China Healthcare is 100% owned by NM Strategic Management (HK) Limited. Both NM Strategic Partners II, Ltd and NM Strategic Management (HK) Limited are controlled by Mr. Yip Ka Kay. Mr. Yip Ka Kay is a non-executive director of VCredit Holdings Limited (stock code: 2003) and an independent non-executive director of Shun Tak Holdings Limited (stock code: 242), both being listed companies on the Stock Exchange. Mr. Yip has significant private equity investment experience in the areas of healthcare, consumer and technology.

(p) Yaly Capital

Yaly Capital is an investment holding company incorporated in the British Virgin Islands. Yaly Capital is a special purpose vehicle which only holds Shares in our Company. Yaly Capital is 100% owned by Yaly Biotechnology and Healthcare Fund L.P., an exempted limited partnership registered in the Cayman Islands as a biotech fund primarily investing in biotech and healthcare companies in Asia, who is managed and controlled by Yaly Capital General Partners Limited as its general partner. Its limited partner, FLA Investment Ltd, is an international business company incorporated in the Republic of Seychelles. Yaly Capital General Partners Limited, an exempted company incorporated in the Cayman Islands, is ultimately wholly-owned by Ms. Wong Yee Man.

(q) Photons Group

Photons Group is a company incorporated in Hong Kong with limited liability and is engaged in investment holding. Photons Group has not made any investment other than in our Company. Photons Group is wholly-owned by Mr. Hong Hu, who is an individual investor with over 10 years of industry experience in private equity investment and private equity funds.

(r) Solshire

Solshire is a segregated portfolio company incorporated in the Cayman Islands with limited liability and is primarily engaged in investment with multiple investment strategies including listed securities and private equity. Solshire has invested in different public companies in Hong Kong and the US, such as CStone Pharmaceuticals, a company listed on the Stock Exchange (stock code: 2616). It is wholly owned by Solshire International Capital Management (HK) Limited, a limited company incorporated in Hong Kong and an indirectly wholly owned company by Mr. Hu Shuoshang, who has more than 23 years of investment experience, which includes around 12 years of experience in the healthcare industry and 15 years of investment in biomedicine, IT and communications electronics industries.

(s) Fortune Creation

Fortune Creation is a business company incorporated under the laws of the British Virgin Islands that specializes and focuses on investments in the biopharmaceutical sector. Its investment portfolio includes private companies in biotech sectors. Fortune Creation is ultimately owned by Mr. Xu Ivan. Mr. Xu Ivan is an independent non-executive director of Jiumaojiu International Holdings Limited, a company listed on the Stock Exchange (stock code: 9922) and a vice general manager and director of Trendy Group (赫基集團), a fashion clothing company since 1999.

(t) Long Fast

Long Fast is a business company incorporated in the British Virgin Islands and is an investment holding company. It is a special purpose vehicle for investing in our Company. Long Fast is wholly owned by Ms. Hong Ge. Ms. Hong Ge has engaged in private and public equity investment, principally in companies in the telecommunication, consumer and healthcare sectors, for over 20 years.

Save as disclosed above, each of the Pre-IPO Investors is an Independent Third Party.

ADOPTION OF THE PRE-IPO SHARE OPTION PLAN AND POST-IPO SHARE OPTION PLAN

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our Group's development, we adopted the Pre-IPO Share Option Plan on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020. As of the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Plan amounts to 45,617,544 Shares, representing approximately 9.48% of the total issued Shares immediately following the completion of the Global Offering (assuming the Over-Allotment Option and options granted under the Share Option Plans are not exercised), which were conditionally granted to 194 participants under the Pre-IPO Share Option Plan. As of the Latest Practicable Date, an aggregate of 11,383,426 Shares have been issued upon exercise of options to Watchmen Alpha, Great JH Bio and J&Z Biologicals. For details, please refer to "Statutory and General Information – D. Share Option Schemes – 1. Pre-IPO Share Option Plan" in Appendix IV.

We have also conditionally adopted the Post-IPO Share Option Plan, the principal terms of which are set out in the section headed "Statutory and General Information – D. Share Option Scheme – 2. Post-IPO Share Option Plan" in Appendix IV.

PUBLIC FLOAT

Immediately following the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Share Option Plans and taking into account the Shares to be subscribed by HHJH as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range), details of which are set out in the section headed "Cornerstone Investors", HHJH and HM Healthcare, both as part of Hillhouse which will be interested in an aggregate of approximately 29.38% of the issued share capital of our Company will be a substantial shareholder (as defined under the Listing Rules) of our Company upon Listing.

Kangjia Medical and Kanghe Medical were both the subsidiaries of Conba as at the Latest Practicable Date. Upon completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Share Option Plans), Conba will, indirectly through Kangjia Medical and Kanghe Medical, hold approximately 12.01% of the total issued Shares of our Company and will be a substantial shareholder of our Company.

Upon completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Share Option Plans), Dr. Zhou Joe Xin Hua, one of our executive Directors, will indirectly, through J&Z Biologicals, hold approximately 1.18% of the total issued Shares of our Company.

The Shares to be held by the Proposed Cornerstone Investors, who are our existing Shareholders and/or close associates of existing Shareholders, will also not count towards our public float for the purpose of Rule 18A.07 of the Listing Rules upon the Listing. For details in relation to the Proposed Cornerstone Investors, please refer to the paragraph headed "Waivers From Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Waiver from Strict Compliance with Rule 10.04 of the Listing Rules and Consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules".

The Shares held by HHJH, HM Healthcare, Conba, Dr. Zhou Joe Xin Hua, the Proposed Cornerstone Investors and the Consideration Shares to be issued to ABS and Dr. Yue Liu pursuant to the ABT Subscription and Stock Purchase Agreement (details of which is set out in the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares – ABT Subscription and Stock Purchase Agreement" in this section) will not count towards our public float for the purpose of Rule 8.08 and Rule 18A.07 of the Listing Rules upon the Listing. Except for the above, to the best of the Directors' knowledge, none of the other Shareholders of our Company (i) is a core connected person (as defined under the Listing Rules) of our Company; (ii) has been financed directly or indirectly by a core connected person of our Company for the subscription of Shares; or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other dispositions of the Shares registered in its name or otherwise held by it. As a result, an aggregate of approximately 53.97% of the Shares (immediately upon completion of the Global Offering, assuming each Preferred Share is converted into one Share, the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Share Option Plans) with a market capitalization of approximately HK$5,271 million (based on the Offer Price of HK$20.30 per Share, being the low-end of the indicative Offer Price range) held by our Shareholders will count towards the public float; hence, over 25% of our Company's total issued Shares will be held by the public upon completion of the Global Offering, which will satisfy the minimum percentage and the minimum market capitalization of at least HK$375 million as required under Rule 8.08(1)(a) and Rule 18A.07 of the Listing Rules. For details, refer to the section headed "Substantial Shareholders."

ACQUISITIONS, INVESTMENTS AND DISSOLUTIONS

Acquisition of ABT Shares

ABT Subscription and Stock Purchase Agreement

On 26 September 2019, ABT, ABS, Dr. Yue Liu and the Company entered into the ABT Subscription and Stock Purchase Agreement, pursuant to which:

(i) ABT agreed to issue to our Company 3,333,333 shares of the ABT Series A Preferred, at a total consideration of US$5,000,000 (the "**Ab Share Subscription**");

(ii) our Company agreed to purchase from ABS and Dr. Yue Liu, both being Independent Third Parties at the time of entering into the ABT Subscription and Stock Purchase Agreement, an aggregate of 8,000,000 shares of the common stock of ABT at an aggregate consideration of US$12,000,000, consisting of US$2,000,000 in cash and the remaining in our Shares as further described below (the "**Ab Share Purchase**"); and

(iii) our Company has the right to subscribe for 666,667 additional shares of the ABT Series A Preferred at a purchase price of US$1.50 per share (such right being the "**Subscription Option**") on the date that is the later of (x) twelve months following 27 September 2019 (the "**Closing Date**") and (y) the closing of our Company's last equity financing prior to the initial public offering of our Shares (such date being the "**Exercise Date**").

The consideration for the Ab Share Subscription was to be settled in cash in four instalments, the first instalment being due on 27 September 2019 and the remaining three instalments being due three, six, and nine months after the Closing Date, respectively.

The consideration for the Ab Share Purchase was to be settled partly in cash of US$2,000,000 on the Closing Date and partly by way of issuances of Shares from our Company to ABS and Dr. Yue Liu, with (i) 4,545,455 Shares in our Company (the "**Consideration Shares**"), which equaled an aggregate of approximately US$5,000,000 calculated using the price per Share of US$1.10, to be issued in four instalments on each anniversary of the Closing Date from the first to the fourth anniversary, and (ii) a maximum of 4,545,455 Shares in our Company (the "**Earn-out Shares**"), which also equaled an aggregate of approximately US$5,000,000 calculated using the price per Share of US$1.10, to be issued upon completion of three programs of drug development, each with seven milestones to be achieved, as set out in the ABT Subscription and Stock Purchase Agreement. 60%, 30% and 10% of the 4,545,455 Shares (each percentage denoting the relevant "**Program Earn-out Shares**" for each program) will be issued to ABS and Dr. Yue Liu subject to ABT's completion of the milestones of the first, second and third programs, respectively. After adjustment for the Share Consolidation, the Company will issue 2,272,727 Shares as Consideration Shares and 2,272,727 Shares as Earn-out Shares.

The milestones to be achieved for each program are as follows:

(i) successful development of cell banks, upon which 10% of the relevant Program Earn-out Shares shall be due;

(ii) occurrence of the first patient dose under Phase 1 clinical trial(s) under the IND approval in China, upon which 15% of the relevant Program Earn-out Shares shall be due;

(iii) occurrence of the first patient dose under Phase 2 clinical trial(s) under the IND approval in China, upon which 15% of the relevant Program Earn-out Shares shall be due;

(iv) occurrence of the first patient dose under Phase 3 clinical trial(s) under the IND approval in China, upon which 15% of the relevant Program Earn-out Shares shall be due;

(v) acceptance by the appropriate authorities of a biologics license application (BLA) in China, upon which 15% of the relevant Program Earn-out Shares shall be due;

(vi) commercial license out of rights to the U.S. right or ex-Asia rights (which might occur in any development stage), upon which 10% of the relevant Program Earn-out Shares shall be due (provided that achievement of (vii) below shall provide an alternative basis for this ten percent (10%) becoming due (without duplication)); and

(vii) CDE and NMPA approval in China, upon which 20% of the relevant Program Earn-out Shares shall be due.

The consideration of a price per share of stock in ABT of US$1.50 for the Ab Share Purchase, the Ab Share Subscription and the Subscription Option were determined based on arm's length negotiations between the parties and taking into account the expected return of the assets covered by the acquisition of ABT, synergies with our Company's pipeline and the future prospects of our Company. The price per share of US$1.10 for the Consideration Shares and the Earn-out Shares was determined by taking into consideration, mainly and among other things, the valuation of the Company in 2018 and 2019 at US$1.00 per Share, as reflected in the previous rounds of financing and as set out in the section headed "Pre-IPO Investments" above, prior to entering into the ABT Share Subscription and Purchase Agreement.

Our Company acquired the 3,333,333 shares of ABT Series A Preferred and 8,000,000 shares of the common stock of ABT under the Ab Share Subscription and the Ab Share Purchase on 27 September 2019. Immediately following the completion of the subscription and transfer, the 85% of the issued and outstanding share capital of ABT is held by our Company.

The acquisition of shares in ABT by our Company has been properly and legally completed and settled and all necessary regulatory approvals have been obtained.

Licensing Arrangements and Ancillary Agreements among ABT, ABS and our Company

Our Company has entered into various agreements with ABS and Dr. Yue Liu ancillary to the ABT Subscription and Stock Purchase Agreement, including the Assignment and License Agreement between ABS and ABT entered into in September 2019 and the Joint Patent Ownership Agreement between ABS and ABT entered into in December 2019, details of which are set out in the section headed "Business – Licensing and Collaboration Agreements – In-Licensing Arrangements – Licensing Arrangements between ABT, ABS and our Company (Bi-specific antibodies and platform)". These aforementioned agreements set out the terms by which the Company has acquired licenses with respect to a total of six early-stage drug candidates pursuant to the acquisition of ABT shares and the ABT Share Subscription and Purchase Agreement.

Pursuant to the ABT Subscription and Stock Purchase Agreement, if the Company does not exercise the Subscription Option by no later than the Exercise Date, the Company (as the licensee) and ABS (as the licensor) shall enter into an amendment agreement to exclude all references to two of the drug candidates of ABT that are licensed to the Company and not a part of the Company's current pipeline (the "**Option Assets**") from the relevant licensing agreement, such that any rights granted to the Company with respect to the Option Assets shall no longer be in effect. The Company expects to consider the Subscription Option and the Option Assets when the Exercise Date approaches, taking into consideration the Company's pipeline, clinical development plans and business needs. The Option Assets are at a very preliminary stage of development and the Company's pipeline will not be affected if the Company does not exercise the Subscription Option.

In addition to the agreements in relation to licensing arrangements set out above, the parties to the ABT Subscription and Stock Purchase Agreement entered into the following ancillary agreements:

- In September 2019, ABT, ABS, Dr. Yue Liu and our Company entered into the Investors' Rights Agreement, the Right of First Refusal and Co-Sale Agreement, and the Voting Agreement, which set out various rights and obligations of the parties including:

  (1) market stand-off obligations of the shareholders of ABT in the event of an underwritten public offering of the common stock of ABT;

  (2) rights of first and second refusal granted to ABT and our Company respectively by ABS and Dr. Yue Liu to purchase any shares proposed to be transferred by them;

  (3) right of co-sale of our Company to participate in any proposed transfers;

  (4) various drag-along rights in the event of a sale of ABT; and

  (5) designation of board size of ABT at three directors; and

  (6) rights of ABS and our Company to designate one and two directors respectively.

- Dr. Yue Liu entered into a Founder Commitment Agreement with ABT and our Company agreeing to commit all efforts to further the business of ABT within the first four years after the Closing Date subject to certain limitation contained therein. She has also entered into a Quitclaim Assignment Agreement with ABT, pursuant to which she sold, conveyed, delivered, transferred and assigned to ABT all of her right, title and interest in and to a patent set out in the agreement and which is one of the assigned patents under the Assignment and License Agreement entered into between ABS and ABT in September 2019, as well as all applicable patent applications, extensions and restorations relating to the patent.

Dissolution of Shanghai Genor

Shanghai Genor was incorporated in October 2011 in the PRC with a registered capital of RMB10,000,000 and wholly-owned by Genor Biopharma. It was primarily engaged in the research and development of biopharmaceutical and technology transfer, service, development, and consultation in the field of biotechnology drug.

Having considered that Shanghai Genor was insignificant to our operations as it did not have any business and did not hold any intellectual properties of our Group, our Group decided to dissolve Shanghai Genor, which was completed on 21 November 2019.

Our Directors confirmed that Shanghai Genor did not have any non-compliance incidents or was involved in any litigations which would materially and adversely affect our business, financial condition or, results of operation since Shanghai Genor's incorporation and up to the date of its dissolution.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals 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 overseas 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, in the event that such special purpose vehicle acquires shares of or equity interests in the PRC domestic companies in exchange for the shares of offshore companies.

Based on their understanding of the current PRC laws and the M&A rules, our PRC Legal Advisor is of the opinion that prior CSRC approval for this offering is not required because (1) our Company is not a special purpose vehicle controlled by PRC companies or individuals and did not acquire shares of or equity interests in Genor Biopharma and Yuxi Genor in exchange for its shares, and (2) the CSRC or other government in the PRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours in this document are subject to any CSRC approval. However, uncertainties still exist as to how the M&A Rules and other PRC laws will be interpreted and implemented or whether the relevant authorities would promulgate further requirements.

SHARE CONSOLIDATION

On 3 September 2020, our Shareholders resolved that, with immediate effect, every two shares with a par value of US$0.00001 each in the Company's issued and unissued share capital be consolidated into one share with a par value of US$0.00002, such that immediately following the consolidation of shares, the authorized share capital of the Company is US$20,000.00 divided into 1,000,000,000 shares of par value of US$0.00002 each, consisting of (i) 688,302,094 ordinary shares of a par value of US$0.00002 each, (ii) 238,909,590.5 Series A Preferred Shares of a par value of US$0.00002 each, and (iii) 72,788,315.5 Series B Preferred Shares of a par value of US$0.00002 each.

CAPITALISATION TABLE

The table below is a summary of the capitalisation of our Company as at the Latest Practicable Date:

	As at the Latest Practicable Date					Immediately upon completion of Global Offering
Name of Shareholder	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Aggregate number of Shares[1]	Aggregate shareholding percentage[1] *(%)*	Aggregate shareholding percentage[2] *(%)*
Pre-IPO Investors						
HHJH	–	98,716,021	27,523,082	126,239,103	35.00	26.24
Aranda Investments	–	–	22,746,348	22,746,348	6.31	4.73
HaiTong XuYu	–	–	9,098,539	9,098,539	2.52	1.89
Yingke Innovation Fund	–	5,500,000	–	5,500,000	1.53	1.14
CPED Pharma	–	–	5,117,928	5,117,928	1.42	1.06
True Magic	–	4,678,733	–	4,678,733	1.30	0.97
Honor Noble	–	–	4,549,269	4,549,269	1.26	0.95
BioTrack Capital	–	3,750,000	–	3,750,000	1.04	0.78
Shanghai Yuyi	–	3,538,600	–	3,538,600	0.98	0.74
Qiming Venture	–	3,310,910	–	3,310,910	0.92	0.69
Twin Eagle	–	3,200,000	–	3,200,000	0.89	0.67

	As at the Latest Practicable Date					Immediately upon completion of Global Offering
Name of Shareholder	**Ordinary Shares**	**Series A Preferred Shares**	**Series B Preferred Shares**	**Aggregate number of Shares[1]**	**Aggregate shareholding percentage[1]** *(%)*	**Aggregate shareholding percentage[2]** *(%)*
AquaStar	–	3,200,000	–	3,200,000	0.89	0.67
Puhua Capital	–	2,750,000	–	2,750,000	0.76	0.57
Hongkong Tigermed	–	2,500,000	–	2,500,000	0.69	0.52
TG River	–	2,000,000	–	2,000,000	0.55	0.42
NM Strategic	–	–	1,819,708	1,819,708	0.50	0.38
HM Healthcare	–	1,750,000	–	1,750,000	0.49	0.36
Tiger Jade	–	1,500,000	–	1,500,000	0.42	0.31
Yaly Capital	–	1,500,000	–	1,500,000	0.42	0.31
Photons Group	–	1,500,000	–	1,500,000	0.42	0.31
Solshire	–	–	1,364,781	1,364,781	0.38	0.28
Fortune Creation	–	1,250,000	–	1,250,000	0.35	0.26
Long Fast	–	1,276,000	–	1,276,000	0.35	0.27
Strategic China Healthcare	–	–	568,658	568,658	0.16	0.12
Qiming Managing	–	89,090	–	89,090	0.02	0.02
Onshore Investors' Affiliates						
Kanghe Medical	–	44,311,060	–	44,311,060	12.29	9.21
Walga	37,560,998	–	–	37,560,998	10.42	7.81
Shanghai Changnuo	–	25,000,000	–	25,000,000	6.93	5.20
Kangjia Medical	–	13,491,962	–	13,491,962	3.74	2.80
Shanghai Yanghuan	–	11,891,331	–	11,891,331	3.30	2.47
Shanghai Qierui	–	2,205,882	–	2,205,882	0.61	0.46
Director and senior management						
J&Z Biologicals[3]	5,669,117	–	–	5,669,117	1.57	1.18
Watchmen Alpha[4]	5,000,000	–	–	5,000,000	1.39	1.04
Great JH Bio[5]	714,309	–	–	714,309	0.20	0.15
ABS and Dr. Yue Liu[6]	–	–	–	–	–	0.12
Public Shareholders[7]	–	–	–	–	–	24.92
Total:	48,944,424	238,909,589	72,788,313	360,642,326	100	100

Notes:

(1) Based on the assumption that each Preferred Share is converted into one Ordinary Share and without taking into account the Shares to be subscribed by the cornerstone investors that are existing Shareholders of our Company or their close associates, as further described in the section headed "Cornerstone Investors".

(2) Based on the assumption that the Over-Allotment Option is not exercised, no further Shares are issued pursuant to the Share Option Plans and the first instalment of the Consideration Shares is issued.

(3) J&Z Biologicals is entirely held through a trust which was established with Trident Trust Company (HK) Limited as the trustee by Dr. Zhou Joe Xin Hua, one of our executive Directors, as the settlor for the benefit of him and his family.

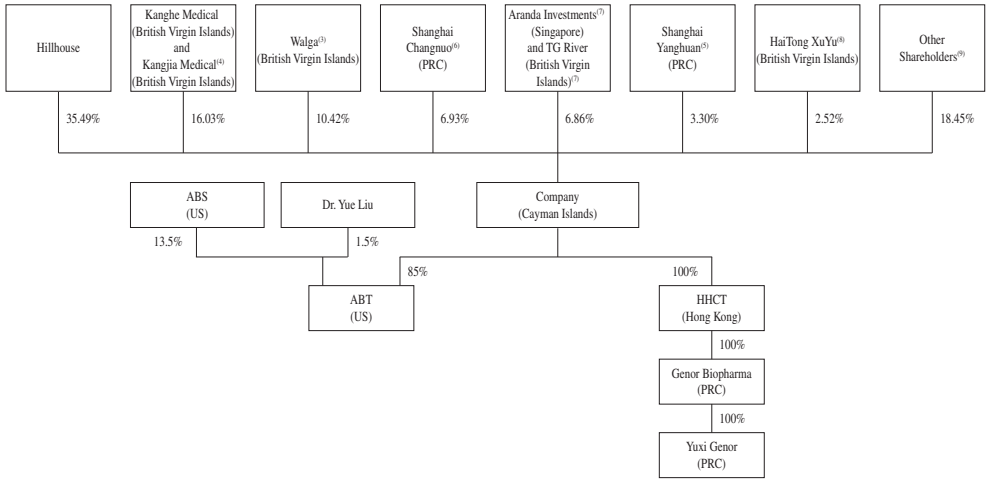
(4) Watchmen Alpha is entirely held through a trust which was established by Dr. Hu Qiyong, our Chief Financial Officer and Chief Strategy Officer as the sole settlor.

(5) Great JH Bio is an exempted limited partnership registered under the Cayman Islands and is ultimately owned and controlled by Mr. Kan Steven Ziyi, our Chief Technology Officer. Mr. Kan Steven Ziyi intends to transfer his entire interests in Great JH Bio to a family trust to be established by him prior to the Listing for succession planning purposes.

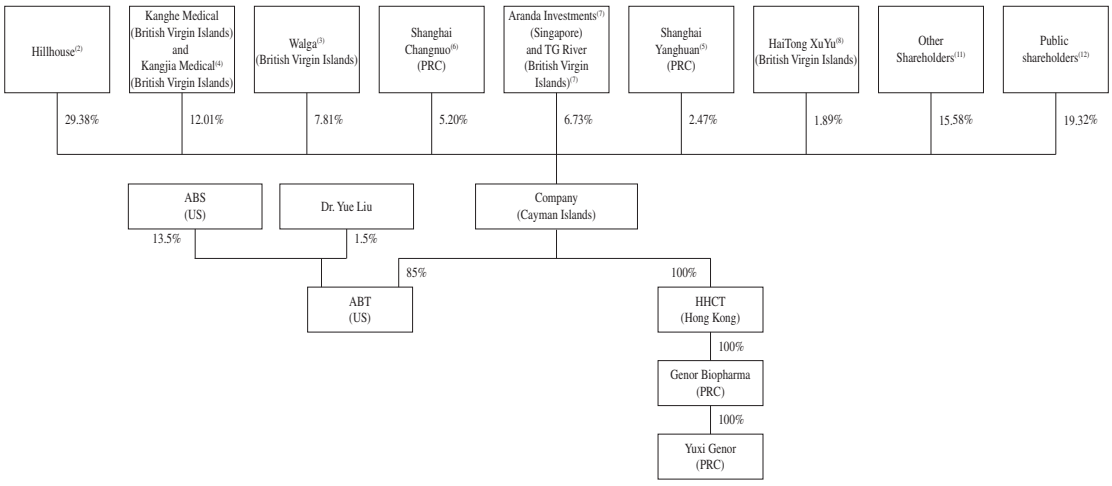
(6) Pursuant to the ABT Subscription and Stock Purchase Agreement, 568,182 Shares, being the first instalment of the Consideration Shares and after adjustment for the Share Consolidation, will be issued to ABS and Dr. Yue Liu as part of the consideration for the Ab Share Purchase on 27 September 2020, which is the first anniversary of the Closing Date. For details of the Consideration Shares, please refer to the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares – ABT Subscription and Stock Purchase Agreement" in this section.

(7) "Public shareholders" refer to shareholders who subscribe for the shares of our Company pursuant to the Global Offering, whose interest will count towards part of the public float of our Company under the requirements of Rules 8.08 and 18A.07 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING[(1)]



CORPORATE STRUCTURE IMMEDIATELY UPON COMPLETION OF THE GLOBAL OFFERING[(10)]



Notes:

(1) Based on the assumption that (i) each Preferred Share is converted into one Ordinary Share and (ii) the Subscription Option under the ABT Subscription and Stock Purchase Agreement is not exercised by the Company, and (iii) the Consideration Shares and Earn-out Shares are not issued by the Company. For details of the Subscription Option, the Consideration Shares and Earn-out Shares, please refer to the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT – ABT Subscription and Stock Purchase Agreement" in this section.

(2) HHJH Holdings Limited is wholly-owned by HH BIO Investment Fund, L.P. ("HH BIO"). While the general partner of HH BIO is HH BIO Holdings GP, Ltd., all investment related decisions of HH BIO, including but not limited to acquisition and disposition of the investments, requires prior approval of its sole limited partner, Hillhouse Fund IV, L.P. ("Hillhouse Fund IV"), pursuant to a limited partnership agreement governing HH BIO. HM Healthcare is owned as to 71.03% by HM Healthcare Services, Ltd. ("HM Healthcare Services"), whose controlling stake is held by Hillhouse Fund II, L.P. ("Hillhouse Fund II"). Hillhouse Capital Management, Ltd. ("Hillhouse Capital") acts as the sole management company of both Hillhouse Fund II and Hillhouse Fund IV.

Shares held by Hillhouse upon completion of the Global Offering include the Shares to be subscribed by HHJH as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range). For more details, please see the section headed "Cornerstone Investors".

(3) Walga is an indirect wholly-owned subsidiary of Walvax.

(4) Both Kangjia Medical and Kanghe Medical are the indirect wholly-owned subsidiaries of Conba.

(5) Shanghai Yanghuan is a limited partnership established in the PRC. Huaxing Kangping, one of the Onshore Investors, is a limited partner of Shanghai Yanghuan.

(6) Shanghai Changnuo is a limited partnership established in the PRC. Guanyou Xingwo, one of the Onshore Investors, is a limited partner of Shanghai Changnuo.

(7) Aranda Investments is wholly owned by Seletar Investments Pte Ltd, which in turn is wholly owned by Temasek Capital (Private) Limited ("Temasek Capital"). Temasek Capital is a wholly owned subsidiary of Temasek Holdings (Private) Limited ("Temasek Holdings"). Birchtree Fund Investments Private Limited, an indirect-wholly owned subsidiary of Temasek Holdings, owns more than 33.3% limited partnership interests in TG Sino-Dragon Fund L.P., which is the sole shareholder of TG River. As such, under the SFO, Seletar Investments Pte Ltd and Temasek Capital are deemed to be interested in the 22,746,348 Shares held by Aranda Investments Pte. Ltd., whereas Temasek Holdings is deemed to be interested in the 22,746,348 Shares and 2,000,000 Shares held by Aranda Investments Pte. Ltd. and TG River, respectively. For details, please refer to the section headed "Substantial Shareholders".

These Shares include the Shares to be subscribed by Aranda Investments as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range). For more details, please see the section headed "Cornerstone Investors".

(8) HaiTong XuYu is a wholly owned subsidiary of Haitong Capital International Investment Co., Limited and is an investment holding company. Haitong Capital International Investment Co., Limited was incorporated under the laws of Hong Kong and is a wholly-owned subsidiary Haitong International Holdings Limited, which is in turn wholly-owned by Haitong Securities Co., Ltd., a company whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 6837) and on the Shanghai Stock Exchange (stock code: 600837) respectively.

(9) The other Shareholders and their respective shareholding are as follows: Fortune Creation (0.35%), BioTrack Capital (1.04%), Qiming Venture (0.92%), Qiming Managing (0.02%), Photons Group (0.42%), Twin Eagle (0.89%), AquaStar (0.89%), Shanghai Qierui (0.61%), Tiger Jade (0.42%), Yingke Innovation Fund (1.53%), Hongkong Tigermed (0.69%), True Magic (1.30%), Shanghai Yuyi (0.98%), Long Fast (0.35%), Puhua Capital (0.76%), Yaly Capital (0.42%), Honor Noble (1.26%), CPED Pharma (1.42%), NM Strategic (0.50%), Strategic China Healthcare (0.16%), Solshire (0.38%), Watchmen Alpha (1.39%), J&Z Biologicals (1.57%) and Great JH Bio (0.20%). For more details, please refer to "– Capitalisation Table" in this section.

(10) On the assumption that (i) the Over-allotment Option is not exercised, (ii) no Shares are to be issued upon the exercise of share options under the Share Option Plans, (iii) the Subscription Option under the ABT Subscription and Stock Purchase Agreement is not exercised by the Company, and (iv) the Consideration Shares and Earn-out Shares are not issued by the Company (except the first instalment of the Consideration Shares, assuming it is to be issued on 27 September 2020 in accordance with the ABT Subscription and Stock Purchase Agreement). For details of the Subscription Option, the Consideration Shares and Earn-out Shares, please refer to the paragraph headed "Acquisitions, Investments and Dissolution – Acquisition of ABT Shares – ABT Subscription and Stock Purchase Agreement" in this section.

(11) The other Shareholders and their respective shareholding are as follows: Fortune Creation (0.26%), BioTrack Capital (0.78%), Qiming Venture (0.69%), Qiming Managing (0.02%), Photons Group (0.31%), Twin Eagle (0.67%), AquaStar (0.67%), Shanghai Qierui (0.46%), Tiger Jade (0.31%), Yingke Innovation Fund (1.14%), Hongkong Tigermed (0.52%), True Magic (0.97%), Shanghai Yuyi (0.74%), Long Fast (0.27%), Puhua Capital (0.57%), Yaly Capital (0.31%), Honor Noble (0.95%), CPED Pharma (1.06%), NM Strategic (0.38%), Strategic China Healthcare (0.12%), Solshire (0.28%), Watchmen Alpha (1.04%), J&Z Biologicals (1.18%), Great JH Bio (0.15%) and ABS and Dr. Yue Liu (0.12%) (assuming the first instalment of the Consideration Shares is issued on 27 September 2020).

This includes the shareholding of Hong Kong Tigermed Healthcare Technology Co., Limited (1.75%), a close associate of Hongkong Tigermed, TG River and Tiger Jade, as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range).

(12) "Public shareholders" refer to shareholders who subscribe for the shares of our Company pursuant to the Global Offering, whose interest will count towards part of the public float of our Company under the requirements of Rules 8.08 and 18A.07 of the Listing Rules.

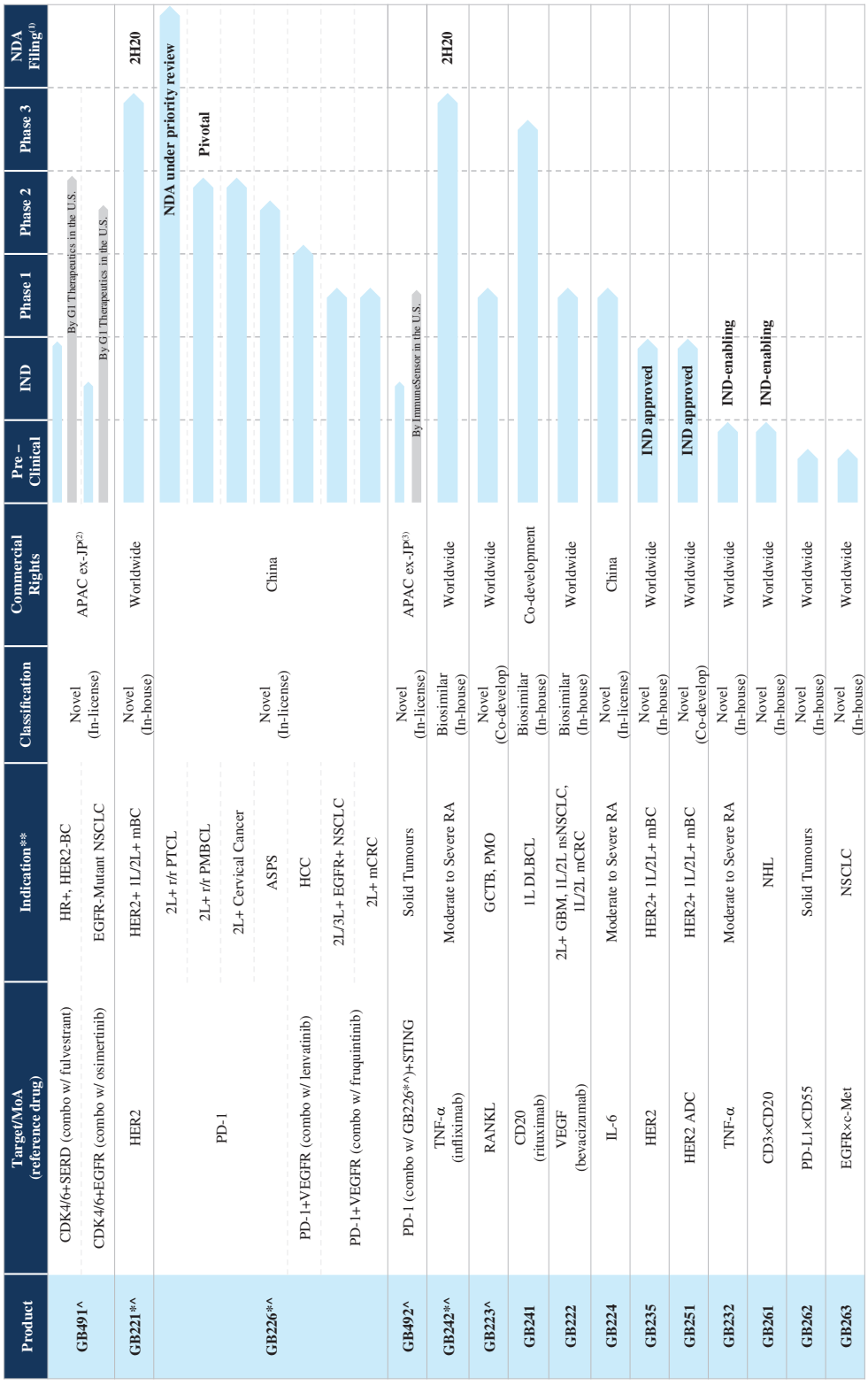
OVERVIEW

We are a commercial-ready biopharmaceutical company focusing on developing and commercializing oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally. Drug candidates that we have been developing encompass the top three oncology targets and five out of the ten bestselling drugs globally.

Since our inception in 2007, we have been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases. For example, we have developed a systematic and comprehensive development plan for breast cancer-focused therapies, which includes a CDK4/6-targeting drug candidate and an advanced set of HER2-targeting drug candidates, and also for a PD-1-targeting drug candidate targeting multiple oncology indications. In recent years, with research centers built in both Shanghai, China and San Francisco, United States, we have also been expanding our research and development footprint globally to build and enrich our novel drug pipeline. As of the Latest Practicable Date, we have leveraged primarily our in-house capabilities in establishing a pipeline of 15 targeted drug candidates with tremendous commercialization potentials in China that cover both proven and novel biological pathways. We currently have 17 clinical trials ongoing in Asia, with two NDAs expected to be filed with the NMPA, four INDs to be filed with the NMPA and the FDA in the next 12 to 18 months, and one NDA recently accepted for review by the NMPA.

In particular, we have curated six key drug candidates for various oncology, autoimmune and other chronic disease indications. Our key drug candidates include lerociclib (GB491), a differentiated oral CDK4/6 inhibitor; coprelotamab (GB221), a novel HER2 mAb drug candidate; geptanolimab (GB226), a novel PD-1 mAb drug candidate; GB492, a STING agonist expected to exert synergistic effects in combination with GB226; GB242, an infliximab (Remicade) biosimilar; and GB223, a highly promising RANKL mAb drug candidate. We also have a strong lineup of cutting-edge bi-specific antibody drug candidates currently in pre-clinical stage, fueled by our differentiated bi-specific mAb antibody platform with Computer-Aided Antibody Design (CAAD) capabilities.

The following chart shows our robust pipeline of drug candidates that are currently under development in China and worldwide across various therapeutic areas:



Abbreviations: r/r=relapsed or refractory; PTCL=peripheral T cell lymphoma; PMBCL=primary mediastinal B-cell lymphoma; ASPS=alveolar soft part sarcoma; HCC=hepatocellular carcinoma; mCRC=metastatic colorectal cancer; NSCLC=non-small cell lung cancer; mBC=metastatic breast cancer; eBC=early breast cancer; BC=breast cancer; RA=rheumatoid arthritis; DLBCL=diffuse large B-cell lymphoma; GCTB=giant-cell tumor of bone; PMO=postmenopausal osteoporosis; GBM=glioblastoma multiforme; nsNSCLC=non-squamous non-small cell lung cancer; NHL=non-Hodgkin lymphoma; 1L=the first line of treatment; 2L+=the second line and later lines of treatment; 3L+=the third line and later lines of treatment; JP=Japan; US=the United States; EU=Europe.

China or PRC represents for the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong SAR, Macau SAR and Taiwan.

Greater China represents for PRC, Hong Kong SAR, Macau SAR and Taiwan.

* *Denotes a Core Product.*

** *Progress bar denotes the most advanced ongoing clinical trial.*

^ *Denotes a key drug.*

(1) The expected first NDA filling for key drugs.

(2) Clinical trials are sponsored by G1 Therapeutics.

(3) Clinical trial is sponsored by ImmuneSensor Therapeutics.

Our business is backed by our integrated biopharmaceutical platform covering all the key drug development functionalities, including discovery, research, clinical development, CMC (Chemistry, Manufacture and Controls) and business development. Our integrated platform enables us to manage the risks of drug development by identifying and addressing potential CMC and clinical barriers early in the development process, which allows us to direct our efforts towards molecules with the best potential to become clinically beneficial and commercially viable drugs. Further, we have commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow us to generate higher titer and yield than the conventional technologies, reaching the high-end of the industry range.

Our core management team members have more than 15 years of industry experience on average with proven track record and a well-balanced combination of expertise spanning research, clinical development, manufacturing, commercialization and financing. Our shareholders consist of global and Chinese biotechnology-focused specialist funds and biopharma platforms experienced in supporting and growing biopharmaceutical companies, and we benefit from their resources and industry expertise.

OUR STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from other biopharmaceutical companies in China.

Multiple late stage oncology drug candidates targeting top three targets globally

We have, since our inception, set strategic focus on major therapeutic areas with substantial unmet medical needs, and have built a pipeline of multiple late stage drug candidates targeting top three oncology targets globally. Specifically, we have carried out this strategy through a systematic and comprehensive development plan for breast cancer-focused therapies, which includes a CDK4/6-targeting drug candidate and an advanced set of HER2-targeting drug candidates. We have also developed a PD-1-targeting drug candidate for multiple oncology indications.

As of today, we have curated four key drug candidates in our pipeline that embody this strategic focus and demonstrate commercialization potential, including (i) GB491, a potentially best-in-class oral cyclin-dependent kinase 4/6 (CDK4/6) drug candidate with significant market potential for treating HR+/HER2- breast cancer, (ii) GB221, a potentially first-three-to-market domestic novel mAb for HER2+ mBC in China. GB491 and GB221 together form the backbone of our breast cancer treatments; (iii) GB226, a PD-1 mAb for which we have adopted a differentiated regulatory pathway and combination therapy strategy with a broad and systematic clinical development plan; and (iv) GB492, a STING agonist with promising synergistic effects in combination with GB226 for solid tumors.

- **CDK4/6**: GB491 (lerociclib) is a potent, selective, potentially best-in-class oral CDK4/6 inhibitor for HR+/HER2- breast cancer, which is potentially the first two domestic CDK4/6 drugs to market. HR+/HER2- breast cancer which accounts for 62.0% of all breast cancer patients in China, 2.8 times the number of HER2+ breast cancer patients. GB491 has consistently demonstrated potent pre-clinical and clinical efficacy in HR+/HER2- breast cancer. CDK4/6 inhibitors in combination with fulvestrant represent an established treatment for HR+/HER2- advanced or metastatic breast cancer and have demonstrated significant improvements in progression-free survival (PFS) and overall survival (OS). CDK4/6 is expected to become the third largest oncology target in 2020 globally, with estimated global sales of US$8.8 billion. In addition, recent result from the MONARCH-E study conducted by Eli Lilly evidenced that adding a CDK4/6 inhibitor to standard postsurgery endocrine therapy significantly cut the risk of cancer recurrence in patients with high-risk HR+/HER2- early breast cancer (eBC), indicating a tangible incremental market for CDK4/6 inhibitors in the adjuvant setting. Approximately 70% of all breast cancer patients are eBC patients (stages I-II), among whom 30% will experience disease recurrence, and efficacious and safe adjuvant therapies are much needed by these patients. According to the CIC Report, eBC adjuvant therapy is expected to represent a significant segment of the CDK4/6 inhibitor market in the future due to the larger patient base and longer treatment duration. In China, the market size of CDK4/6 inhibitors as eBC adjuvant therapy is estimated to expand to RMB0.6 billion by 2022 and further to RMB12.2 billion by 2030, representing a CAGR of 47.1% from 2022 to 2030. The market size of CDK4/6 inhibitors as mBC therapy is estimated to expand to RMB4.7 billion by 2022 and further to RMB10.5 billion by 2030, representing a CAGR of 10.8% from 2022 to 2030.

In addition, currently approved CDK4/6 inhibitors either induce dose-limiting neutropenia, which requires a drug holiday, potentially limiting efficacy, or is limited by gastrointestinal toxicity. Preliminary clinical results indicate that GB491 has robust efficacy and a differentiated tolerability profile from marketed CDK4/6 inhibitors, allowing for continuous dosing with fewer dose-limiting toxicities such as neutropenia and potentially less patient monitoring.

Lerociclib is currently undergoing a Phase 2a clinical trial conducted by our licensing partner, G1 Therapeutics, in the United States in combination with fulvestrant for patients with HR+/HER2- locally advanced or metastatic breast cancer after endocrine failure. We plan to evaluate GB491 in HR+/HER2- metastatic and early breast cancer and other indications in China.

- **HER2**: Coprelotamab (GB221) is a potentially first-three-to-market domestic novel mAb for HER2+ mBC in China. We are dedicated to the HER2 pathway, which has been a critical driver in the development of targeted therapies, and anti-HER2 treatments have become the standard of care for HER2+ breast cancer of all stages. HER2 currently is and is expected to remain as the second largest oncology target in 2020 globally, with approximately US$12.9 billion in sales. We are the only company with a complete set of novel drug candidates having similar modalities as HER2-targeting drug products including Herceptin, Perjeta and Kadcyla that are widely used in HER2+ breast cancer.

  GB221 is currently under Phase 3 clinical trials in HER2+ metastatic and advanced breast cancer in China, with an NDA expected to be filed in the second half of 2020. GB221 has demonstrated a comparable safety and toxicity profile and efficacy to those of trastuzumab in pre-clinical studies and clinical trials.

  In addition, we believe that GB221 serves as a backbone to facilitate the development of combination therapies for solid tumors in various settings.

- **PD-1**: We have adopted a differentiated clinical/regulatory pathway with a strategic development plan in monotherapy and combination therapy for geptanolimab (GB226), an investigational, humanized, PD-1 mAb with the expectation that these therapies can lead to emerging market opportunities in commercialization. PD-1 is currently and is expected to remain as the globally largest oncology target in 2020 globally, with approximately US$28.0 billion in sales. We are developing GB226 as a monotherapy in various cancer indications, implementing a differentiated clinical strategy in terms of novel indications, and are currently advancing clinical trials in China, including:

  - a pivotal Phase 2 clinical trial as a monotherapy in r/r PMBCL, and

  - a Phase 2 clinical trial as a monotherapy in cervical cancer.

We are currently conducting Phase 1b clinical trials of GB226 in combination with fruquintinib, a selective small molecule inhibitor of VEGFR-1, -2 and -3, in r/r NSCLC and mCRC. There is no FDA-approved PD-(L)1 drugs for PTCL yet. Our NDA submission for PTCL with the NMPA was accepted for review in July 2020 and has been granted priority review status, potentially making GB226 the first PD-1 mAb with an NDA accepted in China for PTCL. GB226 has demonstrated superior efficacy and a comparable safety and toxicity profile compared to standard of care treatments for PTCL. Subject to NMPA approval, we plan to launch GB226 by the second half of 2021. In addition, we are exploring and will continue to explore combination therapies with small and large molecule VEGF inhibitors for the treatment of EGFR+ NSCLC, HCC and multiple GI cancers. We are also exploring GB226 in combination with an oncolytic virus drug for various solid tumors.

- **STING**: GB492 (IMSA101) is a STING agonist that we plan to develop in combination with GB226 as a first-in-class therapy for solid tumors. Multiple cancer immunotherapies including chimeric antigen receptor T-cell and immune checkpoint inhibitors (ICIs) have been successfully developed to treat various cancers by motivating adaptive antitumor immunity. However, many cancers have low clinical response rates to ICIs due to poor tumor immunogenicity. In tumor settings, STING is the major mediator of innate immune sensing of cancerous cells. Multiple studies show that STING agonist may be used in combination with ICIs as a new immune stimulatory therapy and enhance the efficacy of the cancer immunity cycle.

  Preliminary data from a Phase 1 clinical trial conducted by Merck for a STING agonist as monotherapy and in combination with Keytruda (pembrolizumab), Merck's PD-1 therapy, in patients with advanced solid tumors or lymphomas indicated that three out of the seven patients (43%) with head and neck squamous cell carcinoma in the combination arm had partial responses. By contrast, pembrolizumab monotherapy showed an ORR of 18% in KEYNOTE 012 trial in platinum-refractory HNSCC.

  IMSA101 is currently undergoing a Phase 1 clinical trial conducted by our licensor, ImmuneSensor Therapeutics, in the United States alone or in combination with ICI for patients with solid tumors. We plan to evaluate GB492 in combination with GB226 in solid tumors in China.

Leading drug candidates for China autoimmune and osteoporosis markets

In line with our strategies and in addition to a robust oncology franchise, we have also developed two leading drug candidates for autoimmune and osteoporosis markets, consisting of: (i) GB242, a potentially first-three-to-market infliximab (Remicade) biosimilar product in China; and (ii) GB223, a highly promising RANKL drug candidate.

- **TNF-α**: GB242 is potentially one of the first three infliximab (Remicade) biosimilar products in China, and backed by results from a clinical trial with the largest patient enrollment. Remicade has the most extensive indications approved in China among TNF-α-targeting drugs, including RA, AS, PsA, CD and UC, which gives GB242 a premium access to sizeable market for autoimmune diseases in China. We are currently conducting a Phase 3 clinical trial of GB242 in RA and plan to file an NDA with the NMPA by the second half of 2020. We also plan to extrapolate to other approved indications of Remicade, subject to NMPA approval.

- **RANKL**: GB223 is potentially one of the first-three-to-market RANKL mAbs in China. We believe that RANKL inhibitors have huge market potential in China for the treatment of cancer and chronic diseases. We are developing GB223 in GCTB, which is mostly nonfatal disease but can lead to severe complications such as paraplegia and amputation and has high rates of recurrence after surgery. GB223 is currently under a dose-escalating Phase 1 clinical trial in GCTB in China. GCTB accounts for approximately 20% of all primary bone tumors in China, according to the CIC Report. Amgen's Xgeva (denosumab), also a RANKL mAb, is currently the only approved medicine for GCTB in China. Meanwhile, we are initiating a clinical trial of GB223 in PMO. We also plan to explore potential therapeutic efficacy of GB223 in the broader osteoporosis indications. Amgen's Prolia (denosumab) was approved for PMO treatment on 19 June 2020 in China.

Robust product pipeline of bi-specific antibody drug candidates with meaningful clinical benefit and market potential

We have a strong lineup of innovative bi-specific antibody drug candidates currently in IND-enabling or pre-clinical stage, fueled by our differentiated bi-specific mAb platform. We strategically select novel and validated therapeutic targets that are expected to have synergistic effects in forming potential bi-specific antibodies. Moreover, we design our bi-specific antibodies based on extensive comparisons among the mechanisms of action and published clinical data of other similar molecules to achieve well-balanced safety and efficacy profiles, overcome potential CMC barriers and ensure successful drug development processes. In particular, we design antibody sequences and conduct sequence optimization for safety, efficacy and manufacture-ability using computer simulation and modeling and confirm with experimental data, enabling our bi-specific antibodies to become powerful therapeutic candidates and bring clinical benefits to patients. Moreover, the CAAD capabilities of our bi-specific antibody platform allow us to maximize heterodimer formation. Our bi-specific antibody platform is based in San Francisco and is operated by a highly experienced scientific team led by cancer biologist Dr. Yue Liu. This elite team of scientists is equipped with extensive knowledge in both traditional antibody discovery technologies, such as hybridoma and phage display, and novel technologies, including CAAD.

We currently have multiple bi-specific antibody drug candidates, the highlights among which include candidates targeting CD3×CD20, PD-L1×CD55 and EGFR×c-Met, none of which currently have approved drugs worldwide. We plan to file IND applications with the NMPA and advance these pre-clinical bi-specific antibody drug candidates into clinical stage, and further explore global development opportunities.

- The *CD3×CD20* bi-specific antibody (GB261) is designed to possess strong T-cell activation efficacy but relatively low binding affinity to CD3 to avoid cytokine storm. GB261 is differentiated in that it maintains the ADCC/CDC function, which only kills cancer cells but not T-cells or other normal cells, enabling it to target cancer cells with better potency.

- The *PD-L1×CD55* bi-specific antibody (GB262) has a novel mechanism of action, and we are exploring it in solid tumors, including pancreatic cancer. Simultaneous inhibition of the PD-L1 and CD55 signaling pathways is able to enhance the internalizing ability of the PD-L1×CD55 bi-specific antibody, thereby blocking PD-1/PD-L1 interaction to activate T-cell dependent immune response and decreasing CD55's inhibition on complement-dependent cytotoxicity more powerfully.

- The *EGFR×c-Met* bi-specific antibody (GB263) is under development to target the huge EGFR-TKI-relapsed NSCLC market. The activation of alternative pathways, including the c-Met signaling pathway, has been identified as a mechanism of resistance to EGFR-targeted therapies. Consequently, blocking one receptor tends to upregulate the other, leading to resistance to single-agent treatment. Because of the signaling crosstalk between EGFR and c-Met, inhibition of both receptors in combination may lead to improved outcomes for patients with c-Met- and EGFR-driven cancers.

Integrated biopharmaceutical platform

Our integrated biopharmaceutical platform encompasses all the key drug development functionalities, and enables us to identify and address potential CMC and clinical barriers early in the development process so we can direct our efforts towards molecules with the best potential to become clinically validated and commercially viable drugs:

- **Discovery and Research:** Our R&D process starts with strategic target identification and selection, focusing on targets with proven or high potential clinical benefits. Once the targets have been identified, we fully leverage our research hubs in Shanghai and San Francisco to advance our synergized discovery and research efforts. The majority of our 15 drug candidates have been developed in-house. For bi-specific antibodies, we carefully review and select bi-specific designs to yield clear targets for biological synergies while aiming to reduce toxicity, targeting biomarkers covering wider spectrum of indications with huge unmet medical needs. Subsequently, we will take advantage of CAAD to create

antibodies with a well-balanced safety, efficacy and CMC developability profile. With respect to ADCs, our advantage lies in our innovative linkers that facilitate the conjugation of anti-mitotic toxins (MMAE) to antibodies and in the meantime, dictate the release mechanism of ADCs, largely contributing to the efficacy and low toxicity of the complex.

- **Clinical Development:** Our core clinical team members have played key roles in the submission of more than 60 IND applications and 22 NDAs, and the successful approvals and launches of 16 products (for 20 indications) during their respective careers in China. We currently have 17 clinical trials ongoing in Asia, with two NDAs expected to be filed with the NMPA, four INDs to be filed with the NMPA and the FDA in the next 12 to 18 months, excluding our out-licensed assets, and one NDA recently accepted for review by the NMPA. These remarkable achievements have been driven by our strong clinical execution capabilities and regulatory registration expertise. Specifically, we strategically design the clinical trials of our drug candidates, critically select the registration pathways, diligently conduct our clinical trials to ensure speed of execution and data quality, maintain constructive dialogues with the regulatory authorities to achieve optimal clinical development efficiency, and accelerate the approval process of our drug candidates.

- **Business Development:** We have developed a proactive and systematic approach to evaluate assets for in-licensing opportunities, with a focus on drug candidates with the potential to both complement our existing drug pipeline and have synergistic effects with each other. For example, we in-licensed GB492 with the plan to explore potential combination therapies with our existing PD-1 and HER2 drug candidates for oncology indications. We have a proven track record of collaborating with biopharmaceutical and biotechnology companies across the globe, including Chi-Med, Immvira, G1 Therapeutics and ImmuneSensor Therapeutics, which underscores our credibility with global biopharmaceutical and biotechnology companies and paves the way for long-term collaborations as the partner-of-choice. Our business development and clinical development teams work together seamlessly to address all technical, clinical and regulatory considerations. In addition, we benefit from the global network and industry resources of our shareholders.

- **Chemistry, Manufacture & Controls:** Our strong Shanghai-based CMC capabilities resulted from approximately one decade of relentless development efforts and have supported our and our collaborators' IND applications with the NMPA and/or planned IND applications with the FDA for more than 20 antibodies. In addition, we have commercialization-ready manufacturing capabilities based in Yuxi, Yunnan with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow us to generate higher titer and yield than the conventional technologies, driving the high-end of the industry range. We benefit from our cost-effective, high-yield CMC capabilities. According to the CIC Report, (i) the yield of concentrated fed-batch and perfusion technologies is 5-10 times that of fed-batch technology; (ii) with the same output,

the required bioreactor size of concentrated fed-batch and perfusion technologies is only 1/10 of that required by fed-batch technology, which can result in more than 40% reduction in fixed costs; and (iii) perfusion technology enables continuous collection of products from bioreactors instead of collection in batches, so production efficiency can be greatly improved from that of fed-batch technology.

Commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies

Since our inception, we have been strategically building out manufacturing facilities according to GMP standard. Our manufacturing facilities in Yuxi, Yunnan are commercialization-ready and satisfy the product validation prerequisite for the approval of innovative drug candidates under current regulations in China. The concentrated fed-batch or perfusion technologies used at our Yuxi facilities allow us to generate higher titer and yield than the conventional fed-batch technology, driving the high-end of the industry range. We expect the current capacities of our Yuxi facilities will support our commercial manufacturing needs in the near future. As of Latest Practicable Date, only three companies could perform concentrated fed-batch or perfusion technologies in China, among which we were one of the only two companies that could self-develop cell culture media, according to the CIC Report. Our manufacturing efficiencies in producing biologic drugs endorse our capabilities of offering world-class therapies to the patients in a quality and affordable fashion.

In addition, we possess the know-hows of both commercial-scale and trial material manufacturing, and most of our Phase 1/2 clinical trial materials have been manufactured at our existing clinical facilities in Shanghai. Batches produced at this site are also planned to be used for IND filings by our customers with the FDA. Materials for Phase 3 clinical studies are, and in the future for commercial purposes will be, manufactured in the Yuxi facilities.

Seasoned management team with substantial industry experience and strong shareholder support

Our core management team members boast more than 15 years of industry experience on average with proven track record and a well-balanced combination of expertise.

Feng Guo, Ph.D., our Chief Executive Officer, is a seasoned executive in leading the R&D and business development both globally and in China. He previously worked at Merck, as the head of its China R&D Hub and vice president, and Pfizer, as the head of its Wuhan Research and Development Centre.

Joe Zhou, Ph.D., our President and Chief Scientist, has rich experience and insights in the biopharmaceutical industry in China and the United States. He previously worked at leading U.S. biotech companies including Amgen, as Scientific Director of CMC. He has been a visiting professor of Peking University since 2007.

Qiyong Hu, Ph.D., our Chief Strategy Officer and Chief Financial Officer, is an industry veteran in the United States and Asia healthcare space from both buyside and sellside. As a top ranked analyst, he headed APAC healthcare equity research at Deutsche Bank for the past decade.

Tong Li, our Chief Medical Officer, is a seasoned veteran in global clinical development of new drugs. She previously worked at Xuanzhu (Beijing) Biopharmaceutical Technology Limited, as Senior Vice President and Head of Clinical Development, Janssen China Research & Development Center, as Senior Director and Head of the Clinical Development Department, and Merck, as a medical affairs manager.

Wende Chen, our Chief Operation Officer, brings strong commercialization experience in the global pharmaceutical and biotech industries. He previously worked at Roche China, as Vice President of Market Access and Distribution Management, Pfizer China, as national sales director, and AstraZeneca, as senior vice president.

Steven Kan, Ph.D., our Chief Technology Officer, has extensive experience from global and domestic pharmaceutical and biotech companies, specializing in project CMC management, analytical development and GMP quality system. He previously worked at Livzon Mabpharm, as the vice general manager (quality control), Pfizer, as Senior Principal Scientist, and Allergan, as Senior Scientist in the biopharmaceuticals department.

Our shareholders consist of global and Chinese biotechnology-focused specialist funds and biopharma platforms. We will continue to benefit from our shareholders' ecosystems.

OUR STRATEGIES

To achieve our mission to become a world-class biopharmaceutical leader in research, development, manufacturing and commercialization of innovative therapeutics for patients in China and globally, we will pursue the following strategies.

Rapidly advance our late-stage drug assets towards commercialization

We plan to initially pursue practical and efficient clinical development in China, leveraging the large local patient pool for rapid patient enrollment in clinical trials and seeking fast-track regulatory pathways. The key highlights of our plan to develop our late-stage oncology assets in China include:

Oncology Franchise

- **GB491**: We plan to address the significant unmet clinical need for a safe, well tolerated, continuously dosed oral CDK4/6 inhibitor in China. We plan to leverage the trial data generated from the currently undergoing Phase 2a clinical trial of GB491 in combination with fulvestrant conducted by our collaborater in the United States to quickly advance GB491 into pivotal trials in China for patients with

HR+/HER2- breast cancer by the first half of 2021. We plan to evaluate GB491 in patients with HR+/HER2- mBC and eBC, pending whether it can bring clinical benefit to eBC patients. Prior to that, we plan to conduct a PK bridging study in Chinese patients by the first half of 2021, subject to NMPA approval. We plan to file an IND application with the NMPA for second-line HR+/HER2- mBC by the end of 2020, initiate Phase 3 clinical trials of GB491 in first- and second-line HR+/HER2- mBC within 24 months and file an NDA for second-line HR+/HER2- mBC by 2023. We may also explore GB491 in patients with multiple other indications such as NSCLC.

- **GB221**: We plan to complete the current two Phase 3 clinical trials of GB221 in mBC in 2020 and 2021, respectively, and submit an NDA filing with the NMPA by 2020. Meanwhile, we are exploring potential combination therapies with GB221 as a backbone.

- **GB226**: We have adopted a fast-to-market strategy and a differentiated regulatory pathway for GB226 by conducting clinical trials for indications with few effective treatment options. Our NDA submission with the NMPA for PTCL was accepted in July 2020, and we plan to file a supplemental application for cervical cancer in the next 24 months. Pending NMPA approval, we plan to launch GB226 by the second half of 2021. In addition, we have a broad clinical development plan for GB226 and will continue to maximize its commercial potential and explore extensive PD-1 backbone combination therapies with a first-mover positioning and will continue to allocate resources to large indications and address unmet medical needs. For example, we plan to evaluate GB226 in combination with GB492 in solid tumors post Phase 1 data readout of GB492. We are currently exploring GB226 in combination with fruquintinib in r/r NSCLC and mCRC, with Phase 1 clinical trials ongoing. We are exploring and will continue to explore combination therapies with small and large molecule VEGF inhibitors for the treatment of EGFR+ NSCLC, HCC and multiple GI cancers. We are also exploring GB226 in combination with an oncolytic virus drug for various solid tumors.

Other Late Stage Drug Asset

- **GB242**: Our strategy is to capitalize on the fast growing China autoimmune disease market and quickly advance GB242 to commercialization stage. We expect to complete the Phase 3 clinical trial of GB242 in moderate to severe RA and file for all approved indications of Remicade. We expect to file an NDA with the NMPA in the second half of 2020 for all Remicade approved indications, subject to NMPA approval.

Subsequent to launching our approved drug products in China, we plan to further commercialize these approved drug products in other countries and expand our global footprint, including other emerging countries and the United States.

Continue developing our early-stage innovative drug pipeline

We will continue to develop products from our early-stage pipeline through our in-house R&D efforts with the aim of advancing one or more additional new products into clinical trials each year. The key highlights of our plan to develop our early-stage assets include:

- **GB223**: We plan to complete the dose-escalating Phase 1 clinical trial of GB223 in GCTB by 2020 and plan to file INDs with the NMPA to conduct Phase 2 clinical trials of GB223 in GCTB and PMO by 2020 once Phase 1 data is available.

- **GB222**: Data readout of our Phase 1 clinical trial of GB222 in GBM is expected by the second half of 2020. We plan to initiate a registrational clinical trial in mCRC. In addition, we plan to develop GB222 as a backbone drug to support extensive combination therapies with other drugs.

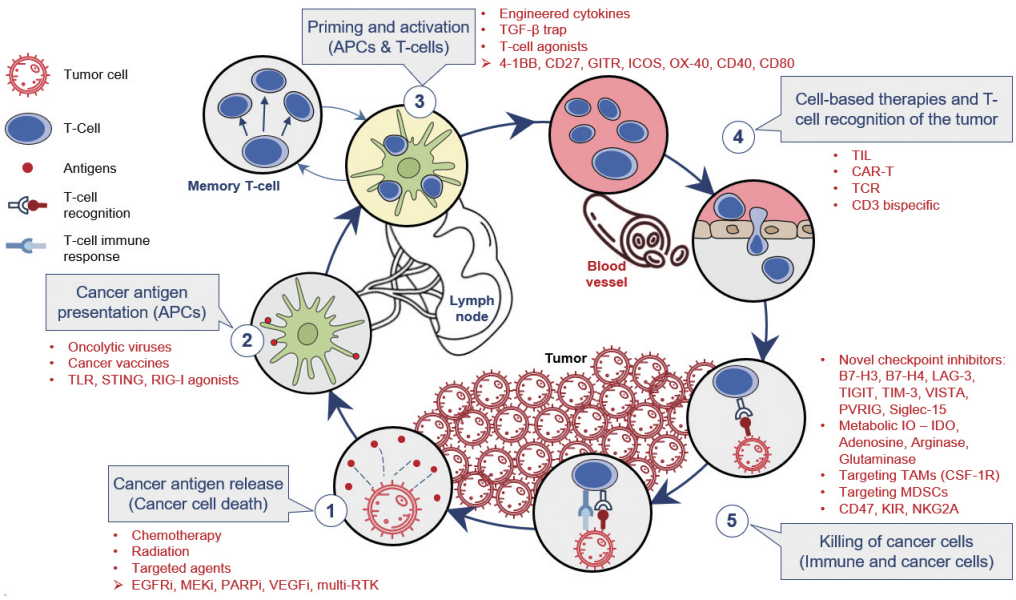
- **Bi-specific Antibodies:** We plan to enable IND registrations with the NMPA for these drug candidates and expect to file an IND application with the NMPA for GB261, our most advanced bi-specific drug candidate, in 2021, and further explore global development opportunities.

With a research center established in San Francisco, a vibrant global life science hub that continues to evolve, we believe that our discovery and research efforts will significantly benefit from the thriving ecosystem of innovation in place, with the draw of its talent pool at our doorstep and the energy of biotech activities planned for the surrounding area. We expect our continued expansion of global footprint to bring synergy among our domestic and overseas research hubs to deepen our understanding of the cutting-edge research and development trends.

Continue executing immune-oncology combination strategy focusing on the Cancer-Immunity Cycle

We believe that combination therapies with immune checkpoint inhibitors are expected to be the future backbone of cancer treatment. We will continue to execute immune-oncology combination strategy focusing on the Cancer-Immunity Cycle, which is a cyclic process that can be self-propagating, leading to an accumulation of immune-stimulatory factors that amplify and broaden T-cell responses. As illustrated by the figure below, each step of the Cancer-Immunity Cycle requires the coordination of numerous compounds, both stimulatory and inhibitory in nature.

Cancer-Immunity Cycle



Source: Chen and Mellman, Oncology Meets Immunity: The Cancer-Immunity Cycle, Immunity 39, July 25, 2013; CIC

We have taken a structural view towards portfolio management, and carefully selected our current drug pipeline and designed our combination trials based on the Cancer-Immunity Cycle. We will continue to focus on the compounds involved in this cycle to expand our future drug pipeline and combination trials. Leveraging our strong R&D and in-licensing capabilities, we will either develop in-house or bring in from other companies drug candidates that not only have the potential to exert synergistic effects with our current PD-1 and HER2 drug candidates but also with each other to maximize the value of our product portfolio. By carefully selecting therapeutic targets in different steps of the Cancer-Immunity Cycle, we can further enhance the comprehensiveness of our product portfolio.

Further explore collaboration opportunities to complement our portfolio management strategy

We intend to fully capitalize on our strong R&D capabilities, and leverage our industry resources and network of our shareholders to in-license drug candidates to enrich and supplement our existing pipeline and bring first-in-class or best-in-class therapies to China market. Specifically, (i) we will continue to in-license late stage drug candidates targeting large indications in China with a focus on solid tumors with significant unmet needs. We are especially interested in evaluating new drug candidates targeting the various compounds involved in the Cancer-Immunity Cycle, which we expect to possess potential synergistic effects with our existing PD-1 and HER2 pipeline candidates and with each other. In particular, we intend to explore the synergy of each of GB226, GB221 and GB222 in combination with drug candidates of other companies; (ii) we plan to continue to in-license global and APAC rights of early stage drug candidates as part of our organic growth strategy to transform from

a China powerhouse into a global player; and (iii) we intend to capitalize on the global rights that we own to out-license our proprietary drug candidates to other companies. To this end, we intend to pursue both global and regional business development opportunities with other industry players.

Constantly upgrade our manufacturing facilities to support our upcoming and expanding pipeline

Our existing manufacturing facility in Shanghai primarily supports our IND filings and Phases 1/2 clinical supplies. Our manufacturing facility in Yuxi, Yunnan is equipped with production lines with validated continuous-flow technologies for higher productivity to support the commercial launch of our first several late-stage drug candidates in the near future. To further support the expanding needs of our upcoming pipeline, we are also planning to expand our manufacturing facility with our higher titer concentrated fed-batch and perfusion technologies and in accordance with GMP standard. We plan to use CDMO for manufacturing small molecule drugs and focus on in-house manufacturing of large molecule drugs.

Continue strengthening our commercialization capabilities

We are building our in-house commercialization team to support the launch of our first two to three NMPA-approved drug assets, including GB226, which we expect to launch in the second half of 2021 subject to NMPA approval. In the near term, we plan to recruit managerial talents dedicated to commercialization of PD-1 and breast cancer drug products, respectively. We will expand our in-house commercialization team to 150-300 employees by 2021 to cover top-tier hospitals in major cities, complemented by strategic partnerships that penetrate lower-tier cities. We may also form strategic partnerships with international biopharmaceutical companies to expand our global footprint.

OUR DRUG PIPELINE

The following table summarizes our drug candidate pipeline as of the Latest Practicable Date:

Product	Target/MoA (reference drug)	Indication**	Classification	Commercial Rights	Pre – Clinical	IND	Phase 1	Phase 2	Phase 3	NDA Filing[1]
GB491^	CDK4/6+SERD (combo w/ fulvestrant)	HR+, HER2-BC	Novel (In-license)	APAC ex-JP[2]			By G1 Therapeutics in the U.S.			
	CDK4/6+EGFR (combo w/ osimertinib)	EGFR-Mutant NSCLC					By G1 Therapeutics in the U.S.			
GB221*^	HER2	HER2+ 1L/2L+ mBC	Novel (In-house)	Worldwide[3]						2H20
GB226*^	PD-1	2L+ r/r PTCL							NDA under priority review	
		2L+ r/r PMBCL							Pivotal	
		2L+ Cervical Cancer								
	PD-1+VEGFR (combo w/ lenvatinib)	ASPS	Novel (In-license)	China[4]						
		HCC								
	PD-1+VEGFR (combo w/ fruquintinib)	2L/3L+ EGFR+ NSCLC								
		2L+ mCRC								
GB492^	PD-1 (combo w/ GB226*^)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP[5]		By ImmuneSensor in the U.S.				
GB242*^	TNF-α (infliximab)	Moderate to Severe RA	Biosimilar (In-house)	Worldwide[3]						2H20
GB223^	RANKL	GCTB, PMO	Novel (Co-develop)	Worldwide[3]						
GB241	CD20 (rituximab)	1L DLBCL	Biosimilar (In-house)	Co-development[6]						
GB222	VEGF (bevacizumab)	2L+ GBM, 1L/2L nsNSCLC, 1L/2L mCRC	Biosimilar (In-house)	Worldwide[3]						
GB224	IL-6	Moderate to Severe RA	Novel (In-license)	China[7]						
GB235	HER2	HER2+ 1L/2L+ mBC	Novel (In-house)	Worldwide[3]		IND approved				
GB251	HER2 ADC	HER2+ 1L/2L+ mBC	Novel (Co-develop)	Worldwide[8]		IND approved				
GB232	TNF-α	Moderate to Severe RA	Novel (In-house)	Worldwide[3]		IND-enabling				
GB261	CD3×CD20	NHL	Novel (In-house)	Worldwide[3]		IND-enabling				
GB262	PD-L1×CD55	Solid Tumours	Novel (In-house)	Worldwide[3]						
GB263	EGFR×c-Met	NSCLC	Novel (In-house)	Worldwide[3]						

Abbreviations: r/r=relapsed or refractory; PTCL=peripheral T cell lymphoma; PMBCL=primary mediastinal B-cell lymphoma; ASPS=alveolar soft part sarcoma; HCC=hepatocellular carcinoma; mCRC=metastatic colorectal cancer; NSCLC=non-small cell lung cancer; mBC=metastatic breast cancer; eBC=early breast cancer; BC=breast cancer; RA=rheumatoid arthritis; DLBCL=diffuse large B-cell lymphoma; GCTB=giant-cell tumor of bone; PMO=postmenopausal osteoporosis; GBM=glioblastoma multiforme; nsNSCLC=non-squamous non-small cell lung cancer; NHL=non-Hodgkin lymphoma; 1L=the first line of treatment; 2L+=the second line and later lines of treatment; 3L+=the third line and later lines of treatment; JP=Japan; US=the United States; EU=Europe.

China or PRC represents for the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong SAR, Macau SAR and Taiwan.

Greater China represents for PRC, Hong Kong SAR, Macau SAR and Taiwan.

* *Denotes a Core Product.*

** *Progress bar denotes the most advanced ongoing clinical trial.*

^ *Denotes a key drug.*

(1) The expected first NDA filling for key drugs.

(2) Licensed in from G1 Therapeutics for exclusive rights on GB491 in APAC ex-JP. Lerociclib (GB491) is undergoing a Phase 2a clinical study in combination with fulvestrant for hormone receptor-positive, HER2-negative locally advanced or metastatic breast cancer and a Phase 1b/2 clinical study in combination with osimertinib for EGFR mutation-positive non-small cell lung cancer sponsored by G1 Therapeutics in the United States. G1 Licensed Territory of APAC ex-JP includes Australia, Bangladesh, Hong Kong SAR, India, Indonesia, Macau SAR, Malaysia, Myanmar, New Zealand, Pakistan, PRC, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam. We plan to file an IND application with the NMPA to conduct a PK bridging study of GB491 in Chinese patients.

(3) GB221, GB242, GB223, GB222, GB235, GB251 and GB232 are under clinical development in China. GB261, GB262 and GB263 are under global clinical development.

(4) Licensed in from Crown Bioscience (Taicang) for an exclusive, royalty-bearing, sublicensable right on GB226 in China. See "Business – Licensing and Collaboration Agreements – Licensing Agreement with Crown Bioscience (Taicang) (GB226)." The Company obtained IND approval from NMPA on Phase 1b/2 studies for GB226 in combination with lenvatinib on HCC and the clinical trial is planned to be initiated.

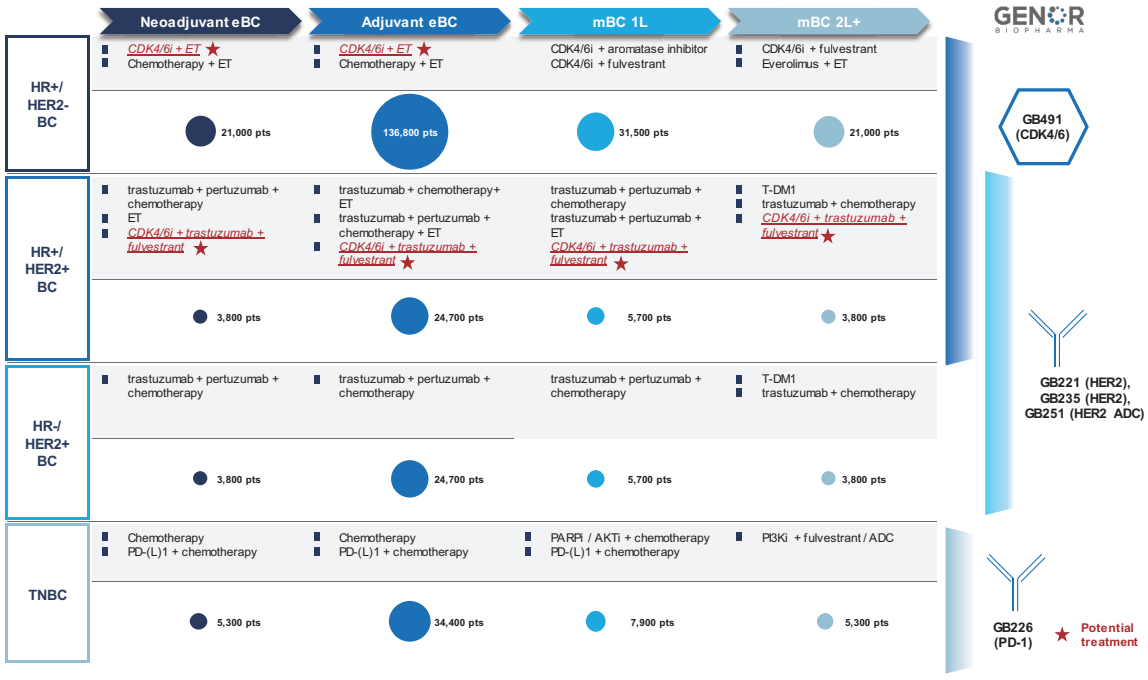
(5) Licensed in from ImmuneSensor Therapeutics for exclusive rights on GB492 in APAC ex-JP. IMSA101 (GB492) is undergoing a Phase 1/2a study administered alone or in combination with an immune checkpoint inhibitor sponsored by ImmuneSensor Therapeutics in the United States. Territory covers APAC ex-JP includes Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Cambodia, Cook Islands, Federated States of Micronesia, Fiji, Hong Kong, India, Indonesia, Kiribati, Laos, Macau, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nauru, Nepal, New Zealand, Niue, North Korea, Pakistan, Palau, Papua New Guinea, Philippines, PRC, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Taiwan, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu and Vietnam, and excluding Japan. We plan to evaluate GB492 in combination with GB226 in patients with solid tumors initially in China and might expand to other licensed geographic areas in the future.

(6) Invented GB241 in-house and currently is jointly developing with Yoko Pharmaceutical for clinical trials. Yoko Pharmaceutical exclusively owns all marketing and commercialization rights to GB241 in China. See "Business – Licensing and Collaboration Agreements – Collaboration Agreement with Yoko Pharmaceutical (GB241)."

(7) Sub-licensed from the licensor for toxicology studies, IND application, clinical development and commercialization with the licensor in China, with surviving rights allowing us to retain all of its license rights granted to us by the licensor notwithstanding the termination of the licensor's license agreement with arGEN-X and the termination of licensing agreement between the licensor and us.

(8) Licensed in from NewBio Therapeutics for a sole, exclusive, world-wide, royalty-bearing, sublicensable right on GB251. See "Business – Licensing and Collaboration Agreements – Collaboration Agreement with NewBio Therapeutics (GB251)."

In particular, we are developing a systematic, comprehensive development plan for breast cancer-focused therapies, potentially comprising all of GB491, GB221, GB235, GB251 and GB226. The diagram below sets forth the current and potential treatment and number of patients in China by the subtype and stage of breast cancer.



Source: Expert Interview; CIC

Notes: eBC=early breast cancer; mBC=metastatic breast cancer; 1L=first-line; 2L=second-line; CDK4/6i=CDK4/6 inhibitor; ET=endocrine therapy; AKTi=AKT inhibitor; pts=patients; PARPi= poly ADP ribose polymerase inhibitor; PI3Ki= phosphoinositide 3-kinase inhibitor; ADC=antibody-drug conjugate; HR=hormone receptor; HER2=human epidermal growth factor receptor 2; BC=breast cancer; TNBC=triple-negative breast cancer.

Our Key Drug Candidates

Our key drug candidates comprise a balanced mix of late-stage drug candidates and early-stage drug candidate: (i) GB491 (lerociclib), a differentiated oral CDK4/6 inhibitor for HR+/HER2- metastatic and early breast cancer; (ii) GB221 (coprelotamab), a novel HER2 mAb drug candidate for HER2+ metastatic breast cancer; (iii) GB226 (geptanolimab), a recombinant humanized PD-1 mAb for various oncology indications; (iv) GB492, a STING agonist drug candidate that we plan to develop in combination with GB226 in solid tumors; (v) GB242, a biosimilar candidate to infliximab for autoimmune diseases, currently under a Phase 3 clinical trial; and (vi) GB223, a fully humanized RANKL mAb drug candidate for GCTB, PMO, currently under Phase 1 clinical trials. These drug candidates target large indications in major therapeutic areas, and we believe each of our key drug candidates will demonstrate commercialization potentials. We believe that both GB226 and GB221 serve as ideal backbones for potential combination therapies. With an NDA expected to be filed in 2020, we expect to launch our first product, namely, GB226, by the second half of 2021 subject to NMPA approval. We also plan to file NDAs for GB221 and GB242 in the second half of 2020.

GB491: A Potentially Best-in-class Oral CDK4/6 Inhibitor for HR+/HER2- Breast Cancer

GB491 is a novel, potent, selective and potentially best-in-class oral CDK4/6 inhibitor being developed for use either alone or in combination with endocrine therapy/targeted therapies in breast cancer. CDK4/6 inhibitors in combination with endocrine therapy/fulvestrant represent an established treatment for HR+/HER2- advanced or metastatic breast cancer and have demonstrated significant improvements in progression PFS and OS. A recent study also indicates that adding a CDK4/6 inhibitor to standard postsurgery endocrine therapy significantly cut the risk of cancer recurrence in patients with high-risk HR+/HER2- early breast cancer (eBC). In addition, in a recent Phase 2 study in postmenopausal women with heavily pretreated HR+/HER2+ advanced breast cancer, the combination of a CDK4/6 in inhibitor, trastuzumab, and fulvestrant demonstrated superior efficacy than the standard of care treatment. GB491 has consistently demonstrated robust efficacy in several preclinical models and clinical trials in HR+ breast cancer.

In addition, currently approved CDK4/6 inhibitors either induce dose-limiting neutropenia requiring a drug holiday, potentially limiting efficacy, or is limited by gastrointestinal toxicity. Preclinical and early clinical data have demonstrated that GB491 is differentiated from other CDK4/6 inhibitors based on its favorable safety and tolerability profile and ability to be dosed continuously with less dose-limiting neutropenia, which is one of the main toxicities associated with CDK4/6 inhibition.

Lerociclib is currently being evaluated by G1 Therapeutics in a Phase 2a clinical trial in combination with fulvestrant for patients with HR+/HER2- breast cancer. We in-licensed the rights to develop and commercialize GB491 in the APAC region (excluding Japan) from G1 Therapeutics in June 2020. We plans to initially develop GB491 in HR+/HER2- mBC and eBC, with plans to expand our development of GB491 to multiple other indications such as NSCLC.

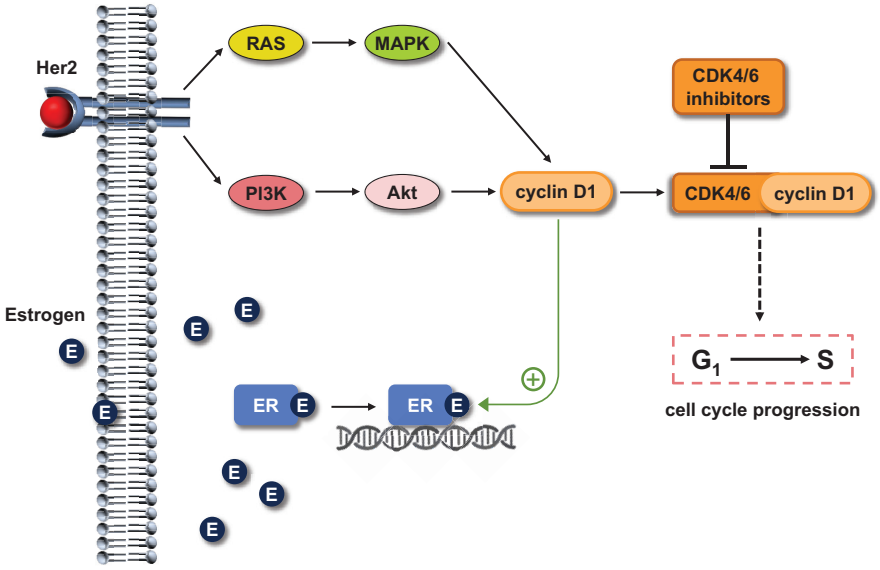
Mechanism of Action

In normal cells, the cyclin D/CDK4/6/p16^{INK4a}/RB1 pathway allows for the orderly control of cell cycle progression for cell growth and proliferation. While the cyclin D/CDK4/6/p16^{INK4a}/RB1 pathway is frequently disrupted in cancer, the majority of human neoplasms maintain functional RB1 but have aberrations that increase the activity of CDK4/6, which hyper-phosphorylates RB1 and allows cell proliferation. As such, CDK4/6 appears to be a key enzyme necessary for the proliferation of human cancers that have functional RB1.

Cell cycle progression begins with the commitment to transition from G1 phase to S phase; this restriction point is regulated through RB1. In the absence of a growth signal, RB1 inhibits the activation of genes required for S phase transition. Growth signals activate CDK4/6, which phosphorylates and deactivates RB1, thus activating S phase-specific genes that stimulate cell cycle progression from G1 phase to S phase. Further, inhibiting CDK4/6 activity has the potential to be therapeutically beneficial in a wide variety of tumors with functional RB1. Inhibition of the p16^{INK4a}/cyclin D/CDK4/6/RB1 pathway is an effective therapeutic strategy for the treatment of ER+ breast cancer.

Lerociclib is a novel, potent, selective, and orally bioavailable CDK4/6 inhibitor. Lerociclib decreases RB1 phosphorylation, causes a precise G1 arrest, and inhibits cell proliferation in a variety of CDK4/6-dependent tumorigenic cell lines including breast, melanoma, leukemia, and lymphoma cells.

Mechanism of action of lerociclib



Source: Scott, S. C., Lee, S. S., & Abraham, J. (2017). Mechanisms of therapeutic CDK4/6 inhibition in breast cancer. Seminars in Oncology, 44(6), 385-394

Competitive Advantages

Efficacy

Lerociclib demonstrated potent inhibition across CDK4, CDK6, and CDK9 *in vitro*. CDK4 binding has been shown to be related to tumor inhibition. Even though CDK6 binding may be related to hematological toxicity based on some research, lerociclib is expected to cause less neutropenia due to shorter half life and lower concentration in the plasma, allowing the bone marrow to have more time to recover from CDK4/6 inhibition. See "– Our Key Drug Candidates – GB491: A Potentially Best-in-class Oral CDK4/6 Inhibitor for HR+/HER2- Breast Cancer – Competitive Advantages – Safety" for more details. Principal investigators in the trials hypothesized that CDK9 binding might have contributed to the better efficacy (higher ORR) of abemaciclib compared with palbociclib and ribociclib.

Binding affinity of lerociclib

	Lerociclib
Biochemical [1]	
CDK1/cyclinB1 Ki (nmol/L)	2.4
CDK2/cyclinA Ki (nmol/L)	1.5
CDK4/cyclinD1 Ki (nmol/L)	0.001
CDK5/p35 Ki (nmol/L)	0.832
CDK6/cyclinD3 Ki (nmol/L)	0.002
CDK7/cyclinH/MAT1 Ki (nmol/L)	2.4
CDK9/cyclinT Ki (nmol/L)	0.028

Binding affinity of other CDK4/6 inhibitors

	Abemaciclib	Palbociclib	Ribociclib
Biochemical [2]			
CDK1/cyclinA2 Ki (nmol/L)	330 ± 90	>1,400	>1,400
CDK2/cyclinE1 Ki (nmol/L)	150 ± 60	>2,500	>2,500
CDK4/cyclinD3 Ki (nmol/L)	0.07 ± 0.01	0.26 ± 0.03	0.53 ± 0.08
CDK5/p35 Ki (nmol/L)	86 ± 12	>2,000	>2,000
CDK6/cyclinD1 Ki (nmol/L)	0.52 ± 0.17	0.26 ± 0.07	2.3 ± 0.3
CDK7/cyclinH/MAT1 Ki (nmol/L)	220 ± 10	>2,000	>2,000
CDK9/cyclinT1 Ki (nmol/L)	4.1 ± 1.3	150 ± 10	190 ± 20

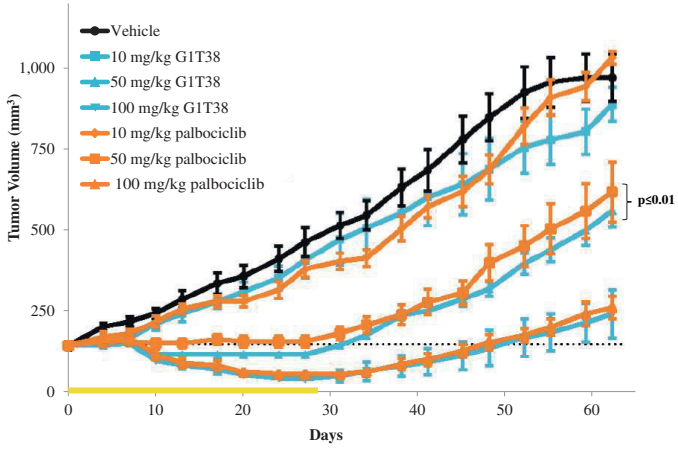
Sources:

(1) Bisi J. E., Sorrentino J. A., et al; Oncotarget. 2017; 8: 42343-42358

(2) Ping Chen, Nathan V. Lee, et al; Mol Cancer Therapeutics. October 1 2016 (15) (10) 2273-2281; DOI: 10.1158/1535-7163.MCT-16-0300

In a preclinical head-to-head study, lerociclib treatment led to equivalent or improved anti-tumor efficacy compared to the first-in-class CDK4/6 inhibitor, palbociclib, in an *in vivo* ER+ breast cancer xenograft model.

Single agent efficacy of lerociclib in breast cancer



G1T38 (lerociclib) or palbociclib efficacy after 28 days of oral treatment (100 mg/kg, 50 mg/kg, 10 mg/kg) in MCF7 xenograft model. Yellow bar represents duration of treatment. Statistics were completed using linear regression analysis of time during treatment (28 days). Error bars represent SEM.

Source: Bisi J. E., Sorrentino J. A., et al; Oncotarget. 2017; 8: 42343-42358

Lerociclib in combination with fulvestrant have demonstrated a robust preliminary ORR in clinical trials. In the Phase 2a study of lerociclib in combination with fulvestrant in HR+/HER2- breast cancer patients conducted by G1 Therapeutics, as of 7 October 2019, among the 103 response evaluable, confirmed ORR (CR+PR) was 21.4% across all dose levels. 41% of the enrolled patients in the metastatic setting have received prior chemotherapy. This Phase 2a trial is still ongoing, and data of the BID groups are not mature yet.

Response rate (confirmed) in patients with measurable disease

	QD					BID				Total		
Patients, n (%)	200 mg (n = 6)	300 mg (n = 3)	400 mg (n = 13)	500 mg (n = 30)	650 mg (n = 6)	100 mg (n = 5)	150 mg (n = 18)	200 mg (n = 19)	250 mg (n = 3)	All QD doses (n = 58)	All BID doses (n = 45)	All doses (N = 103)[a]
CR	0	0	0	0	0	0	0	0	0	0	0	0
PR	1(16.7)	1(33.3)	4(30.8)	9(30.0)	0	1(20.0)	2(11.1)	4(21.1)	0	15(25.9)	7(15.6)	22(21.4)
SD	4(66.7)	1(33.3)	9(69.2)	19(63.3)	5(83.3)	2(40.0)	12(66.7)	12(62.3)	2(66.7)	38(65.5)	28(62.2)	66(64.1)

Notes:

Based on Response Criteria in Solid Tumors (RECIST), Version 1.1.

[a] Seven patients (6.4%) did not have measurable disease or had measurable disease but no postbaseline tumor scans.

BID, twice daily; CR, complete response; PR, partial response; QD, once daily.

Source: G1 Therapeutics

In a multicenter, randomized, double-blind, placebo-controlled, Phase 3 trial of fulvestrant with or without palbociclib +/-goserelin in women with HR+/HER2- mBC whose disease progressed after prior endocrine therapy (PALOMA-3) conducted by Pfizer, as of March 2015 (final prespecified analysis), among 521 enrolled patients, palbociclib in combination with fulvestrant demonstrated an ORR of 24.6% (95% CI: 19.6-30.2). 31% of the enrolled patients in the metastatic setting have received prior chemotherapy.

Safety

Therapeutics with better tolerability are required among intermediate and high risk patients who receive longer treatment duration. As illustrated in the chart below, lerociclib is a potentially best-in-class CDK4/6 inhibitor in terms of tolerability profile, allowing for continuous dosing with fewer dose-limiting toxicities such as neutropenia and potentially less monitoring. For example, based on U.S. FDA label information, physicians need to monitor complete blood counts (CBC), liver function and signs and symptoms of thrombosis and pulmonary embolism in patients prior to or during treatment with Verzenio (abemaciclib) therapy. Less monitoring would mean fewer office visits and medical tests, improving the experience for patients and reducing the burden on physician offices and costs to the healthcare system.

Lerociclib is a potentially best-in-class CDK4/6 inhibitor in Terms of Safety and Side Effects

	DOSE-LIMITING NEUTROPENIA	MONITORING REQUIREMENT	DOSING HOLIDAY	QT PROLONGATION	DILI	GRADE 3/4 DIARRHEA	VTE
Ibrance®	x	x	x	–	–	–	–
Kisqali®	x	x	x	x	x	–	–
Verzenio®	x	x	–	–	x	x	x
lerociclib	–	Potential for less monitoring	–	–	–	–	–

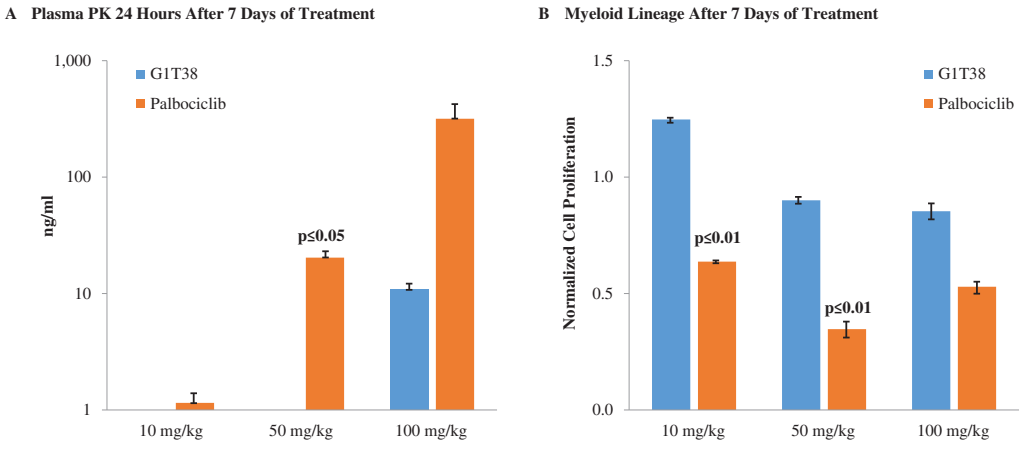
Notes: DILI=drug-induced liver injury; VTE=venous thromboembolism; x=inferior to lerociclib

Source: G1 Therapeutics

Neutropenia is one of the main toxicities associated with CDK4/6 inhibition. Current treatments require frequent blood testing for neutropenia. In a preclinical head-to-head study, in an ER+ breast cancer xenograft model, lerociclib accumulated in mouse xenograft tumors but not plasma, resulting in less inhibition of mouse myeloid progenitors than after palbociclib treatment. After 7 days of daily oral dosing, palbociclib concentrations in plasma 24 hours after the final dose were about 300 ng/ml (approximately 600 nM). This is significantly higher than the concentration necessary to inhibit cellular proliferation in most RB1-dependent cell lines tested. In contrast, lerociclib plasma concentrations at 24 hours after the last dose were 11 ng/ml (approximately 22 nM), which was well below the concentration necessary to maintain

a G1 arrest. This suggests that palbociclib-induced neutropenia may be due to accumulation of the drug resulting in persistent inhibition of CDK4/6 in the bone marrow, thus preventing the recovery of bone marrow proliferation prior to subsequent doses. Also, lerociclib-treated mice showed no differences in myeloid progenitor proliferation in any treatment cohort when compared to vehicle, while palbociclib treatment led to more than 50% reduction in proliferation in both the 50 and 100 mg/kg cohorts. These data indicate that between doses, the longer exposure of palbociclib resulted in drug concentrations that were above the threshold necessary to maintain G1 arrest of bone marrow progenitor cells resulting in sustained inhibition of myeloid progenitors. In contrast, due to the minimal lerociclib compound in the plasma at 24 hours, the bone marrow seems to have more time to recover from CDK4/6 inhibition between doses suggesting that continuous daily dosing may be achievable in cancer patients. In addition, in GLP 28-day toxicology studies in beagle dogs, neutrophils decreased rapidly in a dose dependent manner during the first 14 days of lerociclib treatment. However, from 14 to 25 days, cells reached a steady state level, which was readily reversible once dosing was stopped. While the decrease in neutrophil count was higher as the dose increased, the neutrophil count at each dose level did not decrease further once the nadir level was achieved at 14 days. These data suggest that continuous daily dosing, without a break, may be achievable in cancer patients.

Comparison of myeloid precursor proliferation following G1T38 and palbociclib treatment



(A) Plasma concentrations of G1T38 or palbociclib 24 hours post 7 days treatment. (B) 12 hours post 7 days of treatment, bone marrow was harvested and proliferation (EdU incorporation) was measured in myeloid progenitors (Mac1+ Gr1+).

Source: Bisi J. E., Sorrentino J. A., et al; Oncotarget. 2017; 8: 42343-42358

Lerociclib treatment led to comparatively less Grade 3/4 neutropenia and diarrhea.

AE profiles of lerociclib (Phase 1b/2 trial data)

Trial	NCT02983071	
Phase	Ib/II	
Line setting	Median 2L+	
Treatment	Lerociclib + fulvestrant	
Dosing	150mg BID	
Baseline		
Menopausal status	70% Postmenopausal	
ECOG PS	0-1	
AE (%)	**All**	**Gr 3/4**
Neutropenia	55%	35%
Leukopenia	40%	15%
Nausea	15%	0%
Diarrhea	20%	0%
Anaemia	20%	5%
Fatigue	10%	0%

Source: 2019 San Antonio Breast Cancer Symposium poster; data cutoff: 7 Oct 2019

AE profiles of other CDK4/6 inhibitors (Phase 3 trial data)

	Abemaciclib				Palbociclib				Ribociclib			
Trial	MONARCH-3		MONARCH-2		PALOMA-2		PALOMA-3		MONALEESA-2		MONALEESA-3	
Phase	III		III		III		III		III		III	
Line setting	1L		1/2L		1L		Median 2L+		1L		1/2L	
Treatment	Abemaciclib + NSAI		Abemaciclib + fulvestrant		Palbociclib + letrozole		Palbociclib + fulvestrant		Ribociclib + letrozole		Ribociclib + fulvestrant	
Dosing	150mg BID		150mg BID		125mg, 3w on/1w off		125mg, 3w on/1w off		600mg, 3w on/1w off		600mg, 3w on/1w off	
Baseline												
Menopausal status	100% Postmenopausal		84% Postmenopausal		100% Postmenopausal		79% Postmenopausal		100% Postmenopausal		100% Postmenopausal	
ECOG PS	0-1		0-1		0-2 (2 <2%)		0-1		0-1		0-1	
AE (%)	**All**	**Gr 3/4**	**All**	**Gr 3/4**	**All**	**Gr 3/4**	**All**	**Gr 3/4**	**All**	**Gr 3/4**	**All**	**Gr 3/4**
Neutropenia	44%	24%	46%	27%	80%	67%	79%	62%	77%	52%	70%	53%
Leukopenia	22%	9%	28%	9%	39%	25%	46%	25%	33%	20%	28%	14%
Nausea	41%	1%	45%	3%	35%	0%	29%	0%	53%	2%	45%	1%
Diarrhea	82%	10%	86%	13%	26%	1%	19%	0%	38%	2%	29%	1%
Anaemia	32%	7%	29%	7%	24%	5%	26%	3%	21%	2%	17%	3%
Fatigue	41%	2%	40%	3%	37%	2%	38%	2%	41%	3%	32%	2%

Source: Goetz et al., MONARCH 3: Abemaciclib As Initial Therapy for Advanced Breast Cancer, Journal of Clinical Oncology, Volume 35, Issue 32
Sledge et al., MONARCH 2: Abemaciclib in Combination With Fulvestrant in Women With HR+/HER2- Advanced Breast Cancer Who Had Progressed While Receiving Endocrine Therapy, Journal of Clinical Oncology, Volume 35, Issue 25
Finn and Martin, NEJM, Vol. 375 No.20
Turner and Ro, NEJM, Vol. 373 No. 3
Hortobagyi and Stemmer, Annals of Oncology 29: 1541-1547, 2018
Slamon et al., Phase III Randomized Study of Ribociclib and Fulvestrant in Hormone Receptor-Positive, Human Epidermal Growth Factor Receptor 2-Negative Advanced Breast Cancer: MONALEESA-3, Journal of Clinical Oncology, Volume 36, Issue 24

In addition, lerociclib has not caused serious liver toxicity in the clinical trials to date. By contrast, based on U.S. FDA label information, both Kisqali (ribociclib) and Verzenio can cause serious liver problems, and blood tests need to be done to check the liver before and during treatment with these two drugs.

Market Opportunity and Competition

Total market size of CDK4/6 inhibitors for breast cancer, HNSCC and NSCLC in China was RMB0.4 billion in 2019, and is expected to expand to RMB1.3 billion in 2020 and further to RMB39.1 billion by 2030, according to the CIC report.

Breast Cancer

Breast cancer is one of the top incident cancers in China, with approximately 330.5 thousand new cases reported in 2019 and 369.9 thousand new cases expected in 2024. Breast cancer is also the most prevalent cancer among women in China. HR+/HER2- breast cancer represents 62.0% breast cancer patients in China, which is 2.8 times the number of HER2+ breast cancer patients. There are guidelines of therapy for different stage of breast cancer. The criteria of stages for breast cancer are mainly tumor size and lymph node status. Due to increasing penetration of neo-adjuvant and adjuvant therapies and early diagnosis, the overall five-year survival rate for breast cancer patients in China is over 80%, according to the 2019 annual meeting on breast cancer held by the CSCO. Market size of CDK4/6 inhibitors for breast cancer in China was RMB0.4 billion in 2019, and is expected to expand to RMB1.3 billion in 2020 and further to RMB28.6 billion by 2030, representing a CAGR of 35.8% from 2020 to 2030.

Early HR+/HER2- Breast Cancer. Approximately 90% of newly diagnosed breast cancer patients are at Stage I-III and approximately 30% of these patients will experience disease recurrence. Adjuvant breast cancer therapy has much bigger market opportunities in China than mBC first-line therapy due to the larger patient base (82.5 thousand vs. 45.3 thousand in China) and longer treatment duration (about 84-120 months vs. about 30 months). Recent clinical data from the MONARCH-E study demonstrated that CDK4/6 inhibitors have promising results as HR+/HER2- eBC adjuvant therapy, which are potentially the optimal treatment. The MONARCH-E study was a large-scale trial in 5,637 patients, with the primary endpoint set as invasive disease-free survival. By contrast, the PALLAS study, which compared Ibrance plus standard adjuvant endocrine therapy to standard adjuvant endocrine therapy alone in 5,795 patients with HR+/HER2- eBC in stage 2 and 3, did not yield satisfactory results. The primary endpoint of the PALLAS study was also invasive disease-free survival. One major difference between the PALLAS study and the MONARCH-E study is that the MONARCH-E study only recruited intermediate- and high-risk patients, which might have led to the different outcomes. Specifically, patients who participated in the MONARCH-E study had pathologic lymph node involvement and at least one of the following indicating a higher risk of recurrence: (i) four or more positive axillary lymph nodes, (ii) tumor size of at least 5 cm, (iii) Grade 3 defined at least 8 points on the Bloom Richardson grading system, or (iv) those with over 20 percent of Ki-67 index. Another major difference between these two trials that might have led to the different outcomes is that while the MONARCH-E study allowed patients who have received prior chemotherapy to be enrolled, patients in the PALLAS study must have received prior chemotherapy. Early breast cancer adjuvant therapy is expected to represent a significant

segment of the of CDK4/6 inhibitor market in the future. In China, the market size of CDK4/6 inhibitors in eBC adjuvant therapy is expected to expand to RMB0.6 billion in 2022 and further to RMB12.2 billion in 2030, representing a CAGR of 47.1% from 2022 to 2030.

Metastatic HR+/HER2- Breast Cancer. CDK4/6 inhibitors have already been included in the NCCN guidelines as first-line therapy for HR+/HER2- mBC. In China, the market size of CDK4/6 inhibitors in mBC therapy is expected to expand to RMB4.7 billion in 2022 and further to RMB10.5 billion in 2030, representing a CAGR of 10.8% from 2022 to 2030. Three CDK4/6 inhibitors have been approved globally for advanced and metastatic breast cancer, including Pfizer's Ibrance (palbociclib), Novartis' Kisqali (ribociclib), and Eli Lilly's Verzenio (abemaciclib), collectively with global sales of US$6.0 billion. In China, Ibrance has been approved for first-line HR+/HER2- locally advanced or metastatic BC in combination with aromatase inhibitors, with annual sales of approximately RMB415 million in 2019.

HER2+/HR+ Breast Cancer. About 50% of HER2+ breast cancers are also HR+. CDK4/6 inhibitor in combination with trastuzumab showed promising results and may penetrate HR+/HER2+ breast cancer in the future, according to the CIC report. In China, the market size of CDK4/6 inhibitors in HER2+/HR+ breast cancer therapy is expected to expand to RMB0.4 billion in 2025 and further to RMB5.9 billion in 2030, representing a CAGR of 73.8% from 2025 to 2030.

Head and Neck Squamous Cell Carcinoma (HNSCC)

HNSCC is the sixth most common cancer globally, and half of these patients will develop recurrent or metastatic disease. Effective therapeutic options for recurrent or metastatic HNSCC are few, with chemotherapy as the standard of care. About 70% of HNSCC are driven by p16 inactivation and cyclin D1 overexpression that results in hyperactivation of CDK4/6, rather than by HPV. Cyclin D1 overexpression can also cause EGFR inhibitor resistance. CDK4/6 inhibitors may have positive results when used in combination with cetuximab, an EGFR inhibitor, for HPV-unrelated HNSCC patients. A recent study in platinum-resistant and EGFR-resistant HPV-recurrent or metastatic HNSCC patients showed that the ORR increased from 19% to 39% for patients receiving CDK4/6 inhibitor in combination with cetuximab. The results of the study warrant further studies evaluating CDK4/6 in combination with PD-(L)1 in HNSCC, given several pre-clinical reports that support the enhanced antitumor activities of such combination therapy. The incidence of HPV-unrelated HNSCC in China was 54.7 thousand cases in 2019 and is expected to expand to 62.0 thousand by 2024 and further to 70.3 thousand by 2030. The China market size of CDK4/6 inhibitor in HNSCC is expected to reach RMB0.1 billion in 2024 and further reach RMB1.7 billion by 2030, representing a CAGR of 74.2% from 2024 to 2030. There is currently no CDK4/6 inhibitor approved for HNSCC in China, nor is there any drug candidate under late clinical stage development.

NSCLC

NSCLC is the most common cancer in China. Incidence of NSCLC in China was 733.1 thousand cases in 2019, and is expected to expand to 857.5 thousand cases by 2024 and further to 1,013.7 thousand by 2030, according to the CIC report. About 80% of NSCLC patients were initially diagnosed as late-stage patients, with about half of them being EGFR positive. EGFR mutation in NSCLC is particularly common in Asian population, especially in the Chinese population, which indicates a massive market potential for drugs targeting the patient pool. Tagrisso (osimertinib) was already approved as first-line therapy for EGFR mutation-positive late stage NSCLC patients in China. There are also clinical trials in which CDK4/6 inhibitors are being used in combination with osimertinib to further improve the first-line therapy for EGFR mutation-positive late stage NSCLC patients. The combination therapy of CDK4/6 inhibitors and osimertinib has the potential to prolong the time to disease progression by overcoming resistance mechanisms. China market size of CDK4/6 inhibitors in NSCLC is expected to grow to RMB0.3 billion in 2024 and further to RMB8.7 billion by 2030, representing a CAGR of 74.6% from 2024 to 2030. There is currently no approved CDK4/6 inhibitor or late stage drug candidate for NSCLC in China.

Both the mBC and eBC markets are highly competitive and GB491 for HR+/HER2- eBC indication may have uncertain outcome. The following table sets forth comparisons between GB491 and its competitive drug candidates in China which are approved or in late stage clinical trials as of Latest Practicable Date.

Comparison between GB491 and its Approved or Late-Stage Competitors in China

Drug name	Sponsors/ Collaborators	Phase	Indications	Combination Therapy/ Monotherapy	First Posted Date / NMPA Approval Date
Palbociclib (Ibrance)	Pfizer	Approved	HR+/HER2- locally advanced or metastatic BC	Combo with aromatase inhibitors	7/31/2018
SHR-6390	Hengrui Medicine	Phase 3	HR+/HER2- local advanced or advanced metastatic breast cancer for female patients	Combo with fulvestrant	4/9/2019
		Phase 3	HR+/HER2- advanced breast cancer	Combo with aromatase inhibitors	6/17/2019

Note: The price of Ibrance is RMB29,800/125mg for 21 tablet and RMB1,419.0 per unit. Ibrance is not currently listed in the NRDL. The expiration date of the key patents are 10 January 2023.

Source: China Insight Consultancy

Summary of Clinical Data

Phase 2a Study in Combination with Fulvestrant in HR+/HER2- breast cancer

In December 2019, G1 Therapeutics announced results of its Phase 2a clinical trial in the United States investigating lerociclib in combination with fulvestrant for the treatment of HR+/HER2- breast cancer. Lerociclib, dosed without a drug holiday, showed a differentiated safety and tolerability profile than observed in clinical trials with currently marketed CDK4/6 inhibitors. Preliminary efficacy findings were consistent with other CDK4/6 inhibitors used in combination with fulvestrant. As of 7 October 2019, 110 trial participants received lerociclib (46 in part 1 and 64 in part 2) at doses ranging from 200-650 mg once daily (QD) and 100-250 mg twice daily (BID). 59 (53.6%) remain on lerociclib treatment. 48 patients (43.6%) discontinued lerociclib treatment due to progressive disease, 2 (1.8%) withdrew by choice, and 1 (0.9%) due to an adverse event (AE). Median (range) duration of lerociclib exposure was 6.0 (1.0-31.0) months.

Study Design. The Phase 2a trial was designed to evaluate the safety, tolerability and efficacy of lerociclib administered continuously in combination with fulvestrant as a treatment for HR+/HER2- breast cancer and identify the dose and schedule for future trials of lerociclib. Patients enrolled in this clinical trial are women of any menopausal status with locally advanced or metastatic HR+/HER2- breast cancer who had progressed during or within 12 months after adjuvant therapy or progressed during or within two months after endocrine therapy for advanced or metastatic disease. Part 1 of this study was an open-label, 3 + 3, parallel-dose escalation of lerociclib 200 mg-850 mg QD and 100 mg-425 mg BID administered continuously. Part 2 of this study was an open-label expansion at lerociclib doses of 400 mg QD, 500 mg QD, 150 mg BID, and 200 mg BID administered continuously. Fulvestrant 500 mg was administered on days 1, 15, and 29, then once monthly as per standard of care. Pre- or perimenopausal patients also received goserelin as per local standard of care for the duration of study treatment. A luteinizing hormone-releasing hormone agonist must have started $\geq$ 28 days before the first dose of lerociclib. The primary endpoints of this study are safety, tolerability and DLTs of lerociclib administered with fulvestrant and RP2D and schedule of lerociclib administered continuously with fulvestrant. The secondary endpoints are PK parameters of lerociclib when administered with fulvestrant, fulvestrant and goserelin day 15 plasma concentrations when administered with lerociclib, response rate, clinical benefit rate, PFS, and OS.

Safety and Tolerability. Continuous lerociclib dosing with fulvestrant was well tolerated, with BID dosing having a differentiated safety profile. The maximum tolerated dose determined in part 1 was 500 mg QD based on 2/6 patients (33.3%) experiencing a DLT at 650 mg QD (Grade 3 neutropenia with bronchitis; Grade 3 alanine aminotransferase/Grade 2 aspartate aminotransferase elevations).

Overall, the most common lerociclib-related AEs (≥10%) were neutropenia (74.5%), nausea (54.5%), leukopenia (49.1%), diarrhea (45.5%), anemia (30.0%), vomiting (23.6%), thrombocytopenia (22.7%), fatigue (22.7%), and lymphocytopenia (10.0%) (Table 2). Additionally, stomatitis and alopecia were 6.4% and 4.5%, respectively. Serious AEs considered related to lerociclib were reported in 6 patients (5.5%): 1 patient (4.8%) with Grade 1 pyrexia in the 200 mg BID group, and 5 patients (16.7%) experienced a total of 9 serious AEs (3 cases of diarrhea, and 1 case each of diverticulitis, dyspnea, large intestine perforation, lung infection, nausea, and vomiting) in the 500 mg QD group. One patient (0.9%) discontinued treatment due to an AE: Grade 4 neutropenia at 200 mg QD; this event resolved. Most common Grade 3/4 laboratory abnormalities were observed in absolute neutrophil (49.1%), leukocyte (35.5%), and lymphocyte (11.8%) counts. No cases of QTcF prolongation (≥ 480ms or ≥ 60ms increase), or venous thromboembolism occurred at any dose level. Lerociclib dose reduction occurred in 34 patients (30.9%). Continuous lerociclib dosing with fulvestrant resulted in a dose-dependent decline and subsequent plateau of neutrophils at the end of cycle 1 (week 4). Per protocol, no lerociclib dose interruptions or reductions were necessary due to Grade 3 neutropenia without associated infection or fever.

The projected RP2D of 150 mg BID or 200 mg BID demonstrated an improved tolerability profile relative to QD dosing, including decreased rates of gastrointestinal AEs as well as lower rates of neutropenia, as shown in the table below. One patient at 150 mg BID (5.0%) and 4 patients at 200 mg BID (19.0%) experienced Grade 4 neutropenia; no other Grade 4 AEs were reported at these dose levels.

Most Common Lerociclib-related AEs (≥ 10% of all patients)

	QD										BID								Total			
Patients, n (%)	200 mg (n = 6)		300 mg (n = 3)		400 mg (n = 15)		500 mg (n = 30)		650 mg (n = 6)		100 mg (n = 6)		150 mg (n = 20)		200 mg (n = 21)		250 mg (n = 3)		Total TRAEs (N = 110)		Total TEAEs (N = 110)	
Grade	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**	**All**	**≥ 3**
Any AE	4 (66.7)	2 (33.3)	3 (100)	2 (66.7)	15 (100)	5 (33.3)	29 (96.7)	23 (76.7)	6 (100)	6 (100)	5 (83.3)	1 (16.7)	15 (75.0)	7 (35.0)	21 (100)	9 (42.9)	3 (100)	2 (66.7)	101 (91.8)	57 (51.8)	107 (97.3)	64 (58.2)
Neutropenia	4 (66.7)	2 (33.3)	3 (100)	2 (66.7)	15 (100)	5 (33.3)	24 (80.0)	19 (63.3)	6 (100)	4 (66.7)	4 (66.7)	1 (16.7)	11 (55.0)	7 (35.0)	13 (61.9)	9 (42.9)	2 (66.7)	2 (66.7)	82 (74.5)	51 (46.4)	83 (75.5)	51 (46.4)
Nausea	0	0	3 (100)	0	13 (86.7)	0	21 (70.0)	1 (3.3)	5 (83.3)	0	2 (33.3)	0	3 (15.0)	0	10 (47.6)	0	3 (100)	0	60 (54.5)	1 (0.9)	61 (55.5)	1 (0.9)
Leukopenia	4 (66.7)	2 (33.3)	2 (66.7)	0	7 (46.7)	2 (13.3)	12 (40.0)	7 (23.3)	5 (83.3)	4 (66.7)	3 (50.0)	0	8 (40.0)	3 (15.0)	10 (47.6)	6 (28.6)	3 (100)	1 (33.3)	54 (49.1)	25 (22.7)	54 (49.1)	25 (22.7)
Diarrhea	1 (16.7)	0	2 (66.7)	0	8 (53.3)	1 (6.7)	19 (63.3)	3 (10.0)	6 (100)	1 (16.7)	1 (16.7)	0	4 (20.0)	0	8 (38.1)	1 (4.8)	1 (33.3)	0	50 (45.5)	6 (5.5)	55 (50.0)	6 (5.5)
Anemia	3 (50.0)	0	1 (33.3)	0	4 (26.7)	0	11 (36.7)	1 (3.3)	3 (50.0)	0	2 (33.3)	1 (16.7)	4 (20.0)	1 (5.0)	4 (19.0)	0	1 (33.3)	0	33 (30.0)	3 (2.7)	36 (32.7)	3 (2.7)
Vomiting	0	0	2 (66.7)	0	7 (46.7)	0	9 (30.0)	1 (3.3)	5 (83.3)	0	0	0	2 (10.0)	0	1 (4.8)	0	0	0	26 (23.6)	1 (0.9)	26 (23.6)	1 (0.9)
Thrombocytopenia	0	0	1 (33.3)	0	5 (33.3)	0	9 (30.0)	1 (3.3)	1 (16.7)	1 (16.7)	1 (16.7)	0	2 (10.0)	1 (5.0)	4 (19.0)	1 (4.8)	2 (66.7)	0	25 (22.7)	4 (3.6)	26 (23.6)	4 (3.6)
Fatigue	0	0	2 (66.7)	0	5 (33.3)	0	12 (40.0)	1 (3.3)	2 (33.3)	0	1 (16.7)	0	2 (10.0)	0	1 (4.8)	0	0	0	25 (22.7)	1 (0.9)	29 (26.4)	1 (0.9)
Lymphocytopenia	1 (16.7)	0	0	0	1 (6.7)	1 (6.7)	3 (10.0)	1 (3.3)	2 (33.3)	1 (16.7)	0	0	0	0	4 (19.0)	3 (14.3)	0	0	11 (10.0)	6 (5.5)	12 (10.9)	7 (6.4)

AE, adverse event; BID, twice daily; QD, once daily; TEAE, treatment-emergent adverse event; TRAE, treatment-related adverse event.

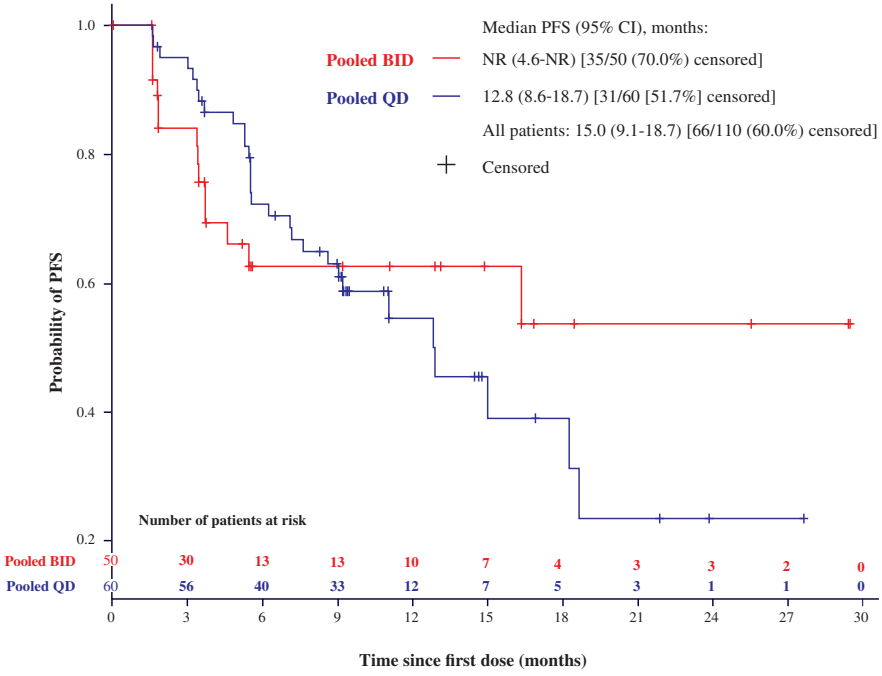
Efficacy. The efficacy data were consistent with those from other CDK4/6 inhibitors used in combination with fulvestrant. Confirmed objective response rate was 21.4% across all dose levels. Clinical benefit rate (complete response [CR] + partial response [PR] + stable disease [SD] lasting ≥ 24 weeks) was 65.2% across all dose levels. Median PFS across the entire study was 15.0 months: 12.8 months for all QD dose levels combined and not reached for all BID dose levels combined.

Best overall response (confirmed) in patients with measurable disease

	QD					BID				Total		
Patients, n (%)	200 mg (n = 6)	300 mg (n = 3)	400 mg (n = 13)	500 mg (n = 30)	650 mg (n = 6)	100 mg (n = 5)	150 mg (n = 18)	200 mg (n = 19)	250 mg (n = 3)	All QD doses (n = 58)	All BID doses (n = 45)	All doses (N = 103)[a]
CR	0	0	0	0	0	0	0	0	0	0	0	0
PR	1(16.7)	1(33.3)	4(30.8)	9(30.0)	0	1(20.0)	2(11.1)	4(21.1)	0	15(25.9)	7(15.6)	22(21.4)
SD	4(66.7)	1(33.3)	9(69.2)	19(63.3)	5(83.3)	2(40.0)	12(66.7)	12(62.3)	2(66.7)	38(65.5)	28(62.2)	66(64.1)
SD ≥24weeks	4(66.7)	1(33.3)	6(46.2)	13(43.3)	2(33.3)	2(40.0)	2(22.2)[c]	4(28.6)[d]	2(66.7)	26(44.8)	10(32.3)[e]	36(40.4)[f]
PD	1(16.7)	1(33.3)	0	2(6.7)	1(16.7)	2(40.0)	4(22.2)	2(10.5)	1(33.3)	5(8.6)	9(20.0)	14(13.6)
NE	0	0	0	0	0	0	0	1(5.3)	0	0	1(20.0)	1(1.0)
Clinical benefit[b]	5(83.3)	2(66.7)	10(76.9)	22(73.3)	2(33.3)	3(60.0)	4(44.4)[c]	8(57.1)[d]	2(66.7)	41(70.7)	17(54.8)[e]	58(65.2)[f]

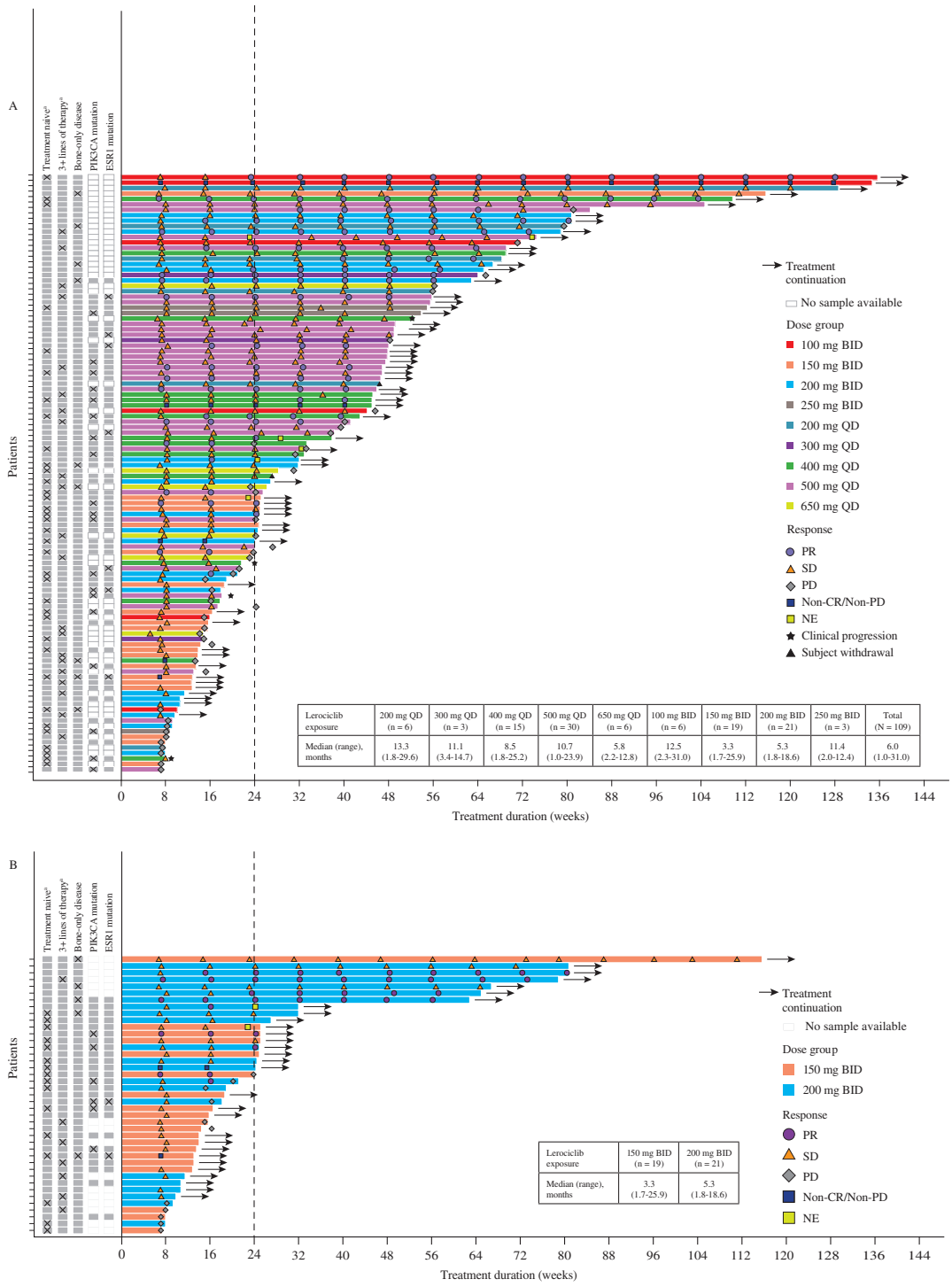
Based on Response Criteria in Solid Tumors (RECIST), Version 1.1.
[a] Seven patients (6.4%) did not have measurable disease or had measurable disease but no postbaseline tumor scans.
[b] Clinical benefit = CR + PR + SD lasting ≥ 24 weeks. Percentages were calculated by excluding those on treatment who did not have a confirmed objective response and have not made it to the week 24 assessment.
[c] n = 9. [d] n = 14. [e] n = 31. [f] n = 89.
BID, twice daily; CR, complete response; NE, not evaluable; PD, progressive disease; PR, partial response; SD, stable disease; QD, once daily.

Kaplan-Meier plot for PFS



BID, twice daily; CI, confidence interval; NR, not reached; PFS, progression-free survival; QD, once daily.

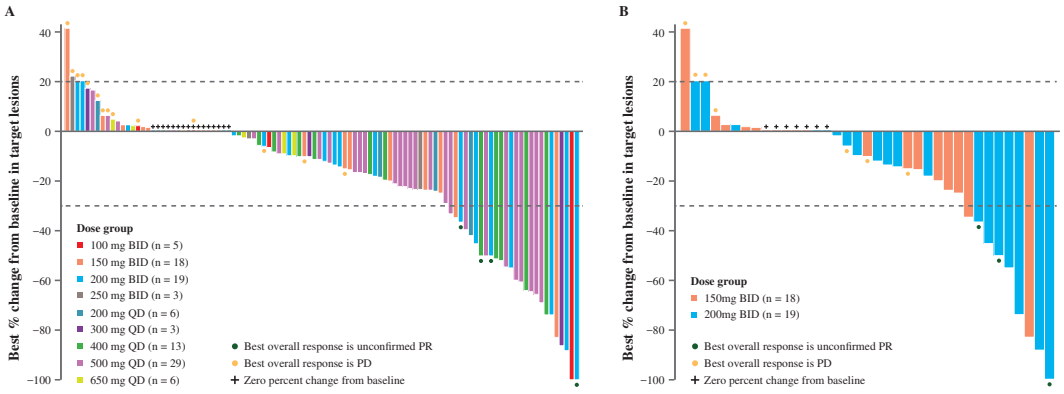
Treatment duration and response by dose group: (a) all patients and (b) patients receiving 150 mg BID or 200 mg BID



[a] In advanced/metastatic setting.

BID, twice daily; CR, complete response; ESR1, estrogen receptor 1; NE, not evaluable; PD, progressive disease; PIK3CA, phosphoatidylinositol 4,5-bisphosphate 3-kinase catalytic subunit alpha; PR, partial response; QD, once daily; SD, stable disease.

Best relative change from baseline in tumor size for target lesions by dose level: (a) all patients and (b) patients receiving 150 mg BID or 200 mg BID



A (All patients): 26/103 patients (25.2%) experienced ≥ 30% reduction in target lesions.
B (150 mg BID and 200 mg BID): 9/37 patients (24.3%) experienced ≥ 30% reduction in target lesions.
Includes all patients who received ≥ 1 dose of study drug, have measurable target lesions at baseline and ≥ 1 postbaseline target lesion assessment.
BID, twice daily; PD, progressive disease; PR, partial response ; QD, once daily.

PK. PK analyses included 46 patients. Exposure increased with dose (C_{max} and AUC0-24) and was generally dose proportional for both QD (200 mg-650 mg) and BID (100 mg-250 mg) dosing. There was minimal lerociclib accumulation between the first dose at week 1 and the steady-state dose at week 5 for QD dosing; however, accumulation was ~2-fold for BID dosing, as would be expected given the shorter dosing interval. The apparent half-life for lerociclib is 13.8-17.2 hours, which allows for both QD and BID dosing regimens. There was no indication of a time-dependent change in PK for lerociclib. Lerociclib active metabolite G1T30 C_{max} and AUC values were much lower than those of lerociclib (~10%) and increased proportionally to the lerociclib dose.

PD. At the data cutoff, 60/110 patients (54.5%) had a baseline sample analyzed, all of which had detectable cfDNA. 17/60 patients (28.3%) with detectable cfDNA had ≥ 1 phosphatidylinositol-4,5-bisphosphate 3-kinase catalytic subunit alpha (PIK3CA) mutation at baseline; most common PIK3CA mutation was H1047R. 7/60 patients (12%) with detectable cfDNA had ≥ 1 estrogen receptor 1 (ESR1) mutation at baseline; most common ESR1 mutation was D538G. Lerociclib treatment demonstrated a consistent decrease in PIK3CA mutant allelic fraction.

Conclusion. Continuous lerociclib dosing with fulvestrant was well tolerated, with BID dosing having a differentiated safety profile. Low rates of Grade 4 neutropenia support continuous lerociclib dosing without a drug holiday. BID dosing demonstrated an improved safety and tolerability profile compared with QD dosing, with lower rates of gastrointestinal AEs. Low rates of lerociclib-related stomatitis and alopecia were observed across all dose levels in both dosing schedules. Coadministration of fulvestrant had minimal impact on the PK of lerociclib. The efficacy data are consistent with those from other CDK4/6 inhibitors used in combination with fulvestrant. The combination of lerociclib and fulvestrant was active, with a 65.2% clinical benefit rate and a median PFS of 15.0 months observed across the entire study;

median PFS was 12.8 months for all QD dose levels combined and not reached for all BID dose levels combined. The study is currently ongoing; longer duration of follow-up is required to define 150 mg BID or 200 mg BID as the phase 3 dose.

Clinical Development Plan

We plan to file an IND application with the NMPA to conduct a PK bridging study of GB491 in Chinese patients. After completing the PK study, we plan to initiate clinical studies of GB491 in patients with HR+/HER2- mBC and eBC and other indications. Due to the nature of eBC, clinical trials for eBC tend to have larger sample sizes and longer observation period, which are associated with higher economic and time cost. We believe that GB491 might have better efficacy and tolerability than Ibrance based on result comparison of the Phase 2a study of lerociclib in combination with fulvestrant in HR+/HER2-breast cancer patients conducted by G1 Therapeutics and the PALOMA-3 study, as these two studies enrolled patients with similar baselines. See "– Our Key Drug Candidates – GB491: A Potentially Best-in-class Oral CDK4/6 Inhibitor for HR+/HER2-Breast Cancer – Competitive Advantages" for details. We plan to file an IND application with the NMPA for second-line HR+/HER2- mBC by the end of 2020, initiate Phase 3 clinical trials of GB491 in first- and second-line HR+/HER2- mBC in the next 24 months and file an NDA for second-line HR+/HER2- mBC by 2023.

Licenses, Rights and Obligations

We in-licensed the rights to develop, manufacture and commercialize GB491 in the APAC region (excluding Japan) from G1 Therapeutics, Inc., or G1 Therapeutics, in June 2020 as described under "-In-licensing Agreement – Licensing Agreement with G1 Therapeutics" below.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB491 SUCCESSFULLY.

GB221 (coprelotamab): A Recombinant Humanized HER2 mAb Candidate for Metastatic Breast Cancer

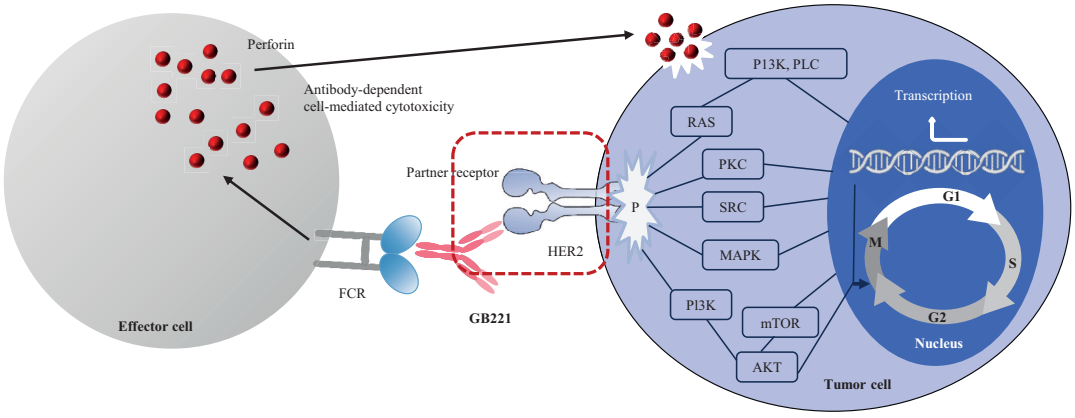
GB221 is our HER2 mAb product candidate for HER2+ metastatic breast cancer (mBC). We plan to file the first NDA of GB221 with the NMPA in the second half of 2020.

Mechanism of Action

HER2 is a member of the human epidermal growth factor receptor family, which interact with each other and various ligands to stimulate various intracellular signal transduction pathways activating tyrosine kinase, and triggering a cascade of complex cell biochemistry that regulates various cell functions such as cell proliferation, angiogenesis, apoptosis, adhesion, and motility. HER2 is a validated molecular target for cancer therapy. Overexpression of HER2 proteins has been shown to play a critical role in the progression of malignancies, especially in breast cancer.

GB221 is a human mAb that selectively interferes with the HER2 receptor and, as illustrated by the following graph, prevents the activation of its intracellular tyrosine kinase, which inhibits multiple signaling pathways and results in cell-cycle arrests.

Mechanism of action of GB221



Source: CIC

Market Opportunity and Competition

Anti-HER2 biologics have now become a standard therapy for late-stage HER2+ breast cancer, according to the CIC Report. The standard treatment for neo-adjuvant and adjuvant HER2+ breast cancer is chemotherapy in combination with anti-HER2 therapies. For first-line HER2+ late-stage and recurrent breast cancer, trastuzumab, pertuzumab and chemotherapy are generally used together as the standard treatment. For second-line HER2+ late-stage and recurrent breast cancer, T-DM1, trastuzumab in combination with chemotherapy, lapatinib in combination with capecitabine, and trastuzumab in combination with lapatinib are often used as the standard treatment.

Trastuzumab and pertuzumab are monoclonal antibodies that bind to the HER2 protein and thereby cause the cells to cease reproducing. Trastuzumab and pertuzumab given in combination with chemotherapy is the current first-line standard of care for HER2+ metastatic breast cancer. Kadcyla (ado-trastuzumab emtansine, or T-DM1), an ADC, is also used for HER2+ oncology. In China, the biologics that have been approved for breast cancer are Roche's Herceptin (trastuzumab), Roche's Perjeta (pertuzumab) and Roche's Kadcyla. Combination therapies of Herceptin and Perjeta are already being used as the first-line standard treatment for HER2+ breast cancer patients in China as per NCCN guidelines. In addition, a recent study demonstrated that the combination of a CDK4/6 in inhibitor, trastuzumab, and fulvestrant had superior efficacy compared with the standard of care treatment in postmenopausal women with heavily pretreated HR+/HER2+ advanced breast cancer, which indicates additional market potential for trastuzumab.

For breast cancer, as of the fourth round of medical reimbursement negotiations in 2019, a total of four HER2-targeted drugs were included. In 2017, Herceptin and Lapatinib were added into the NRDL through negotiation with price cuts at up to 69.0% and 42.4%, respectively. In 2019, Perjeta and Pyrotinib were successfully included into the new 2020 NRDL through negotiation. As the first-line "gold standard" for HER2+ breast cancer, Herceptin is also the first tumor biologic included in the NRDL. According to the CIC Report, the sales volume of Herceptin increased rapidly from about 110 thousand vials (440mg per vial) before its NRDL listing in 2017 to over 900 thousand vials (440mg per vial) in 2019. Sales of Herceptin grew from about RMB1.7 billion in 2015 to RMB5.2 billion in 2019, while sales of Perjeta, approved in China in 2018, was RMB560 million in 2019. Medical reimbursement negotiation is expected to become the norm, encouraging more Chinese patients to use anti-tumor biologics. Also, the Chinese government started to implement the Pilot Program of Centralized Procurement and Use of Drugs Policy since 2019. By allowing hospitals to commit to certain purchase quantities in the drug procurement process, the marketing and distribution costs of pharmaceutical companies are significantly decreased, hence reducing drug price. Meanwhile, significant market opportunities exist for both HER2 monoclonal antibodies and ADCs which may be incorporated into the NRDL. Market size of HER2+ breast cancer monoclonal antibodies and ADCs in China was RMB0.9 billion in 2014 and grew to RMB5.8 billion in 2019, representing a CAGR of 44.5% from 2014 to 2019. This market size is expected to grow further to RMB24.2 billion in 2030, representing a CAGR of 13.9% from 2019 to 2030.

Several trastuzumab biosimilar drugs from other pharmaceutical companies in China are expected to enter the market in the near future, thereby further driving the market growth in China. However, among all competing pharmaceutical companies in China, we are the only company with a complete set of novel drug candidates having similar modalities as HER2-targeting drug products including Herceptin, Perjeta and Kadcyla that are widely used in HER2+ breast cancer. Hualan Bio, Anhui Anke Biotechnology, Shanghai Pharmaceuticals, Bio-thera Solutions and Zhejiang Hisun Pharmaceutical have trastuzumab biosimilar drugs in pipeline. CTTQ Pharma and Qilu Pharmaceuticals have pertuzumab biosimilar drugs in pipeline. RemeGen, Daiichi Sankyo, TOT Biopharm and Bio-thera Solutions have HER2 ADC drugs in pipeline.

We plan to compete with other novel or biosimilar candidates to Herceptin based on our cost-effective CMC capabilities and plans to expand to other emerging markets. The following table sets forth comparisons between GB221 and its competitive drug candidates in China which are approved to market or in late stage clinical trials:

Comparison between GB221 and its Approved or Late-Stage Competitors in China

Drug name	Sponsors / Collaborators	Drug Type	Phase	Indications	First Posted Date / NMPA Approval Date
Herceptin (trastuzumab)	Roche	N/A	Approved	HER2+ mBC	2002/9/5
Cipterbin (Inetetamab)	Sunshine Guojian	Novel	Approved	HER2+ mBC	2020/6/19
HLX02	Henlius	Biosimilar	Approved	HER2+ mBC	2020/8/14
GB221	**Genor Biopharma**	**Novel**	**Phase 3**	**Chemotherapy failed HER2+ advanced BC** **HER2+ recurrent or metastatic BC**	**2016/9/28** **2018/4/19**
BAT8001 (HER2 ADC)	Bio-thera Solutions	Novel	Phase 3	HER2+ advanced BC	2018/2/22
HS022	Hisun Pharmaceuticals	Biosimilar	Phase 3	Breast cancer	2018/4/8
TQ-B211	CTTQ	Novel	Phase 3	HER2+ mBC	2018/10/29
HL02	Hualan Bio	Biosimilar	Phase 3	HER2+ mBC	2019/4/26
Recombinant human HER2 monoclonal antibody	Anhui Anke Biotechnology	Biosimilar	Phase 3	HER2+ BC	2019/5/23
SIBP-01	Shanghai Institute of Biological Products	Biosimilar	Phase 3	HER2+ BC	2019/6/5
DS8201a (HER2 ADC)	Daiichi Sankyo	Novel	Phase 3	HER2+ mBC	2019/10/21
RC48 (HER2 ADC)	RemeGen	Novel	Phase 3	HER2 low expression locally advanced or metastatic breast cancer	2020/5/11
TAA013 (HER2 ADC)	TOT Biopharm	Novel	Phase 3	HER2+ mBC	2020/6/3

Note: Herceptin's price is RMB5,500/440mg. Expiration dates of key patents of Herceptin are from June 2012 to December 2030.

Summary of Clinical Data

Phase 3 Clinical Trials in HER2+ Relapsed/Metastatic Breast Cancer

Currently, we are conducting two Phase 3 clinical trials in China to evaluate the safety, efficacy and immunogenicity of (i) GB221 in combination with capecitabine (Xeloda) compared to placebo in combination with capecitabine (Xeloda) in adult patients with HER2+ metastatic breast cancer (the "GB221-003 Study"), and (ii) GB221 in combination with docetaxel (Taxotere) compared to trastuzumab in combination with docetaxel (Taxotere) in adult patients with HER2+ metastatic breast cancer (the "GB221-004 Study"). Study results of the GB221-004 Study are not available yet.

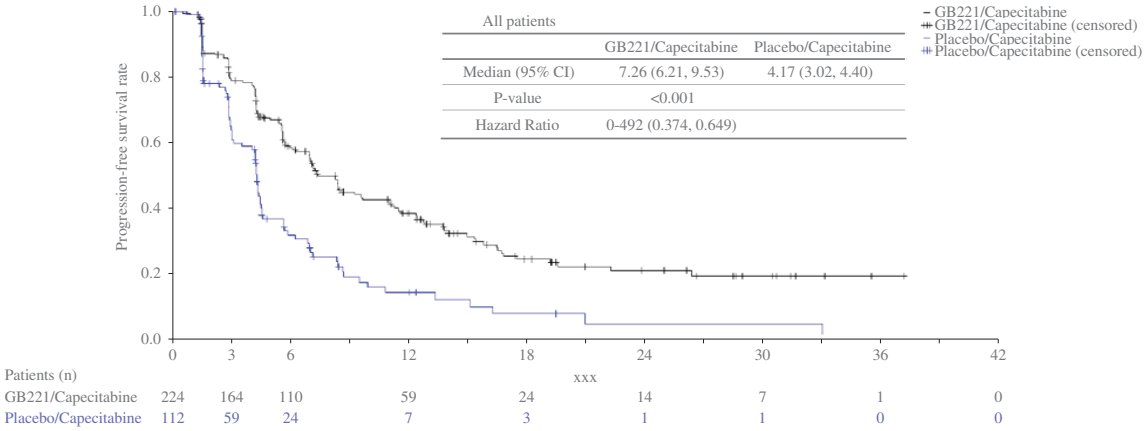
GB221-003 Study

Study Design. The GB221-003 Study is a randomized, double-blind, multi-center Phase 3 clinical study to evaluate GB221 or placebo in combination with capecitabine in patients with HER2+ relapsed or metastatic breast cancer with at least one measurable target lesion based on RECIST1.1, who have failed previous taxanes and/or anthracyclines but have not been received standard anti-HER2 treatment or capecitabine. We have completed patient enrollment (N = 336) for this study. These patients are randomized at a 2:1 ratio into two groups: (i) the treatment group receives the first i.v. administration of GB221 at 8mg/kg dose level and the remaining at 6mg/kg q3w plus capecitabine at 2,000mg/m^2 dose level for three weeks until disease progression or intolerable toxicity; and (ii) the control group receives i.v. placebo at q3w dose level plus capecitabine at 2,000mg/m^2 dose level for three weeks until disease progression or intolerable toxicity. Primary endpoint of this study is PFS as determined based on RECIST1.1, and secondary endpoints are ORR, OS, safety, immunogenicity and PFS in the extended treatment phase.

Efficacy. As of 11 July 2020, the median PFS as assessed by IRC for GB221 in combination with capecitabine versus capecitabine alone was 7.26 months (95% CI: 6.21, 9.53) vs. 4.17 months (95% CI: 3.02, 4.40), and the hazard ratio was 0.49, $p<0.001$, showing that GB221 in combination with capecitabine can significantly reduce the risk of disease progression in HER2+ advanced breast cancer patients who have previously received taxanes and/or anthracyclines as compared with capecitabine alone.

Efficacy analysis of GB221 in combination with capecitabine in comparison with capecitabine alone – KM curve of progression-free survival

(IRC assessment: full analysis set (N=336))



Safety. As of 11 July 2020, TEAEs occurred in 96.9% of the patients being treated with GB221 in combination with capecitabine (N = 224), while TEAEs occurred in 91.1% of the patients receiving capecitabine alone (N = 112). TRAEs occurred in 92.4% of patients receiving GB221 in combination with capecitabine and 79.5% of patients receiving capecitabine alone. Common AEs (≥10%) of GB221 in combination with capecitabine include hematological toxicity, hand-foot syndrome, infusion reactions, liver damage, nausea, and decreased ejection fraction, mostly at grade 1-2, which is consistent with the safety profile reported for Herceptin in combination with capecitabine. No new safety signals have been identified for GB221.

Compared with capecitabine alone, GB221 in combination with capecitabine has a similar incidence of grade ≥3 AEs (31.3% for GB221 in combination with capecitabine vs. 28.6% for capecitabine alone), SAEs (11.2% for GB221 in combination with capecitabine vs. 11.6% for capecitabine alone) and AEs leading to the discontinuation of GB221/placebo (4.9% for GB221 in combination with capecitabine vs. 4.5% for capecitabine alone) or capecitabine (6.7% for GB221 in combination with capecitabine vs. 4.5% for capecitabine alone). AEs leading to death occurred in 0.9% of patients receiving GB221 in combination with capecitabine and in 2.7% of patients receiving capecitabine alone.

Clinical Development Plan

GB221-003 Study

The GB221-003 Study is a registrational trial in mBC in the second-line setting for the novel drug registration pathway targeting fast approval. Based on internal review of the progress of this trial, we expect to complete this trial and submit an NDA with the NMPA in the second half of 2020. The start date of this trial, or the date of First Subject First Visit, is 25 November 2016.

GB221-004 Study

We are conducting the GB221-004 Study for the novel drug registration pathway and plan to submit the results of this study as a post-filing supplement to our NDA submission for the GB221-003 Study. The GB221-004 Study is a randomized, double-blind, multi-center Phase 3 clinical study to evaluate GB221 or trastuzumab in combination with docetaxel in patients with HER2+ mBC in the first-line setting. The GB221-004 Study is designed to compare the efficacy between GB221 and Herceptin in the first-line setting. We plan to enroll a total of 412 patients. The start date of this trial is 9 May 2018. As of 27 May 2020, we had enrolled 350 patients. These patients will be randomized at a 1:1 ratio into two groups: (i) the treatment group will receive the first i.v. administration of GB221 at 8 mg/kg dose level and the remaining at 6 mg/kg q3w plus at least six doses of docetaxel at 75 mg/m^2 dose level for three weeks until disease progression, intolerable toxicity or the end of the 12-month period; and (ii) the control group will receive the first i.v. administration of trastuzumab at 8 mg/kg dose level and the remaining at 6 mg/kg q3w dose level plus at least six doses of docetaxel at 75 mg/m^2 dose level for three weeks until disease progression, intolerable toxicity or the end of the 12-month period. The primary endpoint of this study is week-18 ORR as determined based on RECIST1.1. We expect to complete this trial by 2021.

GB221-005 Study

We are conducting the GB221-005 Study under the novel drug registration pathway. During the course of our clinical development of GB221, we upgraded our CMC and manufacturing site of GB221. To ensure that these changes do not affect the quality of GB221 samples that we produce, we designed the GB221-005 Study as a randomized, double-blind, single-center Phase 1 clinical study to compare the PK parameters of single dose of GB221 and Herceptin in healthy volunteers. The start date of this trial is 14 November 2019. We have completed patient enrollment for this trial as of 21 July 2020. These patients will be randomized at a 1:1 ratio into two groups: (i) the treatment group will receive single dose of GB221 intravenously at 6 mg/kg dose level; and (ii) the control group will receive single dose of Herception intravenously at 6 mg/kg dose level. The primary endpoints of this study are C_{max}, $AUC_{(0\text{-}t)}$ and $AUC_{(0\text{-}inf)}$. We expect to complete this trial by the second half of 2020.

Licenses, Rights and Obligations

We developed GB221 in-house and own worldwide rights to it.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB221 SUCCESSFULLY.

GB226 (geptanolimab): A Recombinant Humanized PD-1 mAb for Oncology

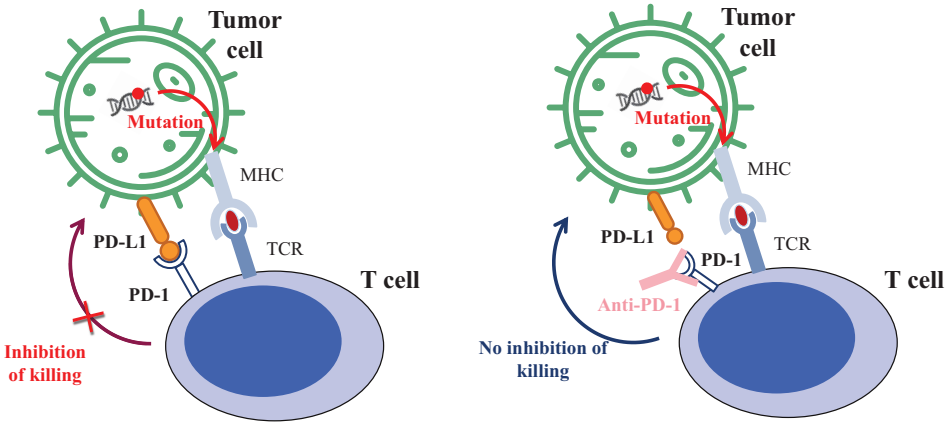
GB226 is an investigational, humanized, IgG4 mAb targeting the programmed cell death-1 receptor (PD-1) on immune cells designed to restore the natural ability of the immune system to recognize and kill cancer cells by selectively blocking the dual ligand (PD-L1 and PD-L2) binding to the PD-1 protein. We are developing GB226 as a monotherapy in PTCL, PMBCL, cervical cancer and ASPS in China, with a pivotal Phase 2 clinical trials ongoing for PMBCL. Our NDA submission for PTCL was accepted for review by the NMPA in July 2020. In addition, we are exploring and will continue to explore combination therapies with small and large molecule VEGF inhibitors for the treatment of EGFR+ NSCLC, HCC and multiple GI cancers. We are also exploring GB226 in combination with an oncolytic virus drug for various solid tumors.

Mechanism of Action

The receptor PD-1 is expressed on the surface of activated lymphocytes. PD-1 and PD-L1 inhibitors act through interfering with the PD-1/PD-L1 pathway, which prevents T-cells from attacking tumor cells within the tumor microenvironment. Using an inhibitor that blocks the interaction between PD-L1 and the PD-1 receptor can prevent cancers from evading the immune system. PD-1 and PD-L1 inhibitors are increasingly used for the treatment of many cancers and have been proven to possess a better efficacy profile and fewer side effects in multiple cancer indications compared to traditional cancer treatments such as chemotherapy.

GB226 specifically binds to PD-1 and blocks it from binding to PD-L1/PD-L2 on the tumor cells, which allows T-cells to resume killing cancer cells. As illustrated in the figure below, under normal conditions, a T-cell would recognize the tumor antigens presented on the surface of tumor cells as being foreign and kill the tumor cells. However, the tumor cells also express PD-L1 on their surface, which can bind to PD-1 on the T-cells. In doing so, the tumor cells can turn off the T-cells and evade the surveillance of the immune system. By competitively binding to PD-1 on T-cells, GB226 can block the PD-L1/PD-L2 pathway, so that T-cells can resume killing the tumor cells.

Mechanism of action of PD-(L)1



- Binding of PD-L1 on tumor cells with the PD-1 receptor on T cells downregulates the T-cell causing T-cell exhaustion
- PD inhibitors can either target the receptor or the ligand disrupting the interaction, preventing T-cell exhaustion

Source: Transl Lung Cancer Res. 2015;4:253-264.

Market Opportunity and Competition

We believe there is a significant commercial opportunity in China for PD-(L)1 class of drugs. According to the CIC Report, the incidence of all cancers in China increased from 3.8 million in 2014 to 4.5 million in 2019. The top ten types of cancers by incidence in 2019 accounted for 77.7% of the total incidence, reaching 3.5 million. Lung cancer was the most common cancer in China with 886 thousand new patients in 2019. Certain subtypes of gastrointestinal cancers, especially gastric cancer, have higher incidence rates in China than in the United States. Driven by a combination of factors such as unhealthy lifestyle and aging population, it is estimated that the incidence of all cancers in China will reach 5.0 million in 2023. Among all types of cancers, lung, stomach, colorectal, liver, breast and esophageal cancers are the six most common cancers in China and respectively accounted for approximately 916.4 thousand, 500.3 thousand, 433.8 thousand, 434.4 thousand, 330.5 thousand and 332.8 thousand of the total incidences in China in 2019.

Currently available clinical data suggest that some of the most prevalent cancers in China, such as lung, stomach, colorectal, liver and esophageal cancers, are responsive to the PD-(L)1 class of drugs. Taking into account of the other cancer types (such as bladder, melanoma and kidney cancers) that are also responsive to the PD-(L)1 class, the overall annual incidence of cancers potentially responsive to PD-(L)1 antibodies in China was approximately 3.1 million in 2019, according to the CIC Report.

In China, six PD-1 antibodies have been approved for marketing as of Latest Practicable Date:

Drug name	Sponsors / Collaborators	Indications	NMPA Approval Date	Price *(RMB)*	Medical Reimbursement	Expiration Date(s) of Key Patent(s)
Opdivo (nivolumab)	Bristol-Myers Squibb	EGFR/ALK negative locally advanced or metastatic NSCLC	2018/6/15	9,260/100mg/10ml 4,591/40mg/10ml	No	July 2023 – June 2027
		recurrent or metastatic head and neck squamous cell carcinoma	2019/9/30			
		advanced or recurrent stomach cancer or esophagogastric junction adenocarcinoma	2020/3/13			
Keytruda (pembrolizumab)	Merck	unresectable or metastatic melanoma	2018/7/26	17,918/100mg/4ml	No	June 2027 – June 2028
		EGFR/ALK negative metastatic non-squamous NSCLC	2019/3/29			
		EGFR/ALK negative metastatic NSCLC	2019/10/24			
		metastatic squamous NSCLC	2019/11/27			
		esophageal cancer	2020/6/19			
Tuoyi (toripalimab)	Junshi	unresectable, metastatic malignant melanoma	2018/12/17	7,200/240mg/6ml	No	NA
Tyvyt (sintilimab)	Innovent	refractory Hodgkin lymphoma	2018/12/27	2,843/100mg/10ml	Yes	September 2036 – August 2037
Airuika (camrelizumab)	Hengrui	refractory Hodgkin lymphoma	2019/5/29	19,800/200mg/vial	No	November 2034 – December 2035
		liver cancer	2020/3/6			
		late stage esophageal squamous cell carcinoma	2020/6/19			
		late stage non-squamous NSCLC	2020/6/19			
Baizean (tislelizumab)	BeiGene	r/r classical Hodgkin's lymphoma (cHL)	2019/12/27	10,688/100mg/vial	No	September 2033 – June 2034
		locally advanced or metastatic urothelial carcinoma	2020/4/11			

Note:

(i) NMPA Approval Date is for the first indication; (ii) Medical reimbursement for Tyvyt is only for r/r cHL treatment.

Two PD-L1 antibodies have been approved in China. Roche's Tecentriq (atezolizumab) was approved by the NMPA on 13 February 2020 for advanced NSCLC and AstraZeneca's Imfinizi (durvalumab) was approved by the NMPA on 9 December 2019 for advanced NSCLC. Several companies have anti-PD-(L)1 drug candidates with an NDA application under review by the NMPA for the first indications, including Gloria Pharmaceuticals' GLS-010 and Akeso's AK105. According to the CIC Report, the market size for PD-(L)1 antibodies in China is expected to grow from RMB6.1 billion in 2019 to RMB65.5 billion in 2030, representing a CAGR of 24.1%.

According to the CIC Report, the sales in China in 2019 were RMB2,270 million for Keytruda, RMB1,000 million for Opdivo, RMB1,016 million for Tyvyt, RMB958 million for Airuika and RMB774 million for Tuoyi. See "Industry Overview – Overview of Immune Checkpoint Inhibitors Against PD-(L)1 in the PRC" for further information on the market opportunities for PD-(L)1 antibody drugs.

The PD-(L)1 antibody drug in China has been rapidly growing. We have adopted a differentiated clinical development strategy in terms of targeting oncology indications with few effective treatment options, including PTCL, PMBCL, cervical cancer and ASPS. PTCL is a major subtype of NHL in China. PTCL and ASPS are novel indications for which the FDA has not yet approved any PD-(L)1 antibody drugs. According to the CIC Report, the incidence and mortality of NHL in China has been rising annually. In 2019, incidence of NHL in China reached 90.4 thousand people, representing a CAGR of 3.9% from 2014 to 2019, and the mortality of NHL in China reached 45.4 thousand people, representing a CAGR of 3.5% from 2014 to 2019.

PTCL is often an invasive cancer that develops from white blood cells called T-lymphocytes, or T-cells. The incidence of PTCL in China is expected to reach 24 thousand in 2020 and further reach 28 thousand in 2030. The prevalence of PTCL in China is expected to expand to 15 thousand in 2020 and further to 18 thousand in 2030, among whom patients with r/r PTCL are expected to account for 14 thousand in 2020 and 17 thousand in 2030. Epidaza (chidamide), an HDAC inhibitor, has been approved in China for PTCL. Before 2014, chemotherapies were the main treatments for PTCL. The treatment for PTCL is limited globally, and Epidaza is the only approval drug for first-line PTCL therapy in China. But due to its limited efficacy, it is normally used in second-line therapy. There is currently no immuno-therapies approved in China for the treatment of PTCL. In China, there are only three PD-(L)1 drugs targeting PTCL, including our GB226, the NDA of which is under review by the NMPA, and AK104 from Akeso, a Phase 1b/2 trial of which was initiated in January 2020, and F520 from Lunan Pharma, a Phase 2 trial of which was initiated in August 2020.

PMBCL has low incidence but strong invasiveness. The incidence of PMBCL in China is expected to reach 3.7 thousand cases in 2020 and further reach 4.4 thousand cases by 2030. The prevalence of PMBCL in China is expected to reach 2.4 thousand in 2020 and further reach 2.9 thousand by 2030, among whom patients with r/r PMBCL are expected to account for 0.8 thousand in 2020 and 0.9 thousand in 2030. About 75% of PMBCL patients have bulky disease with a tumor mass exceeding 10 cm. However, few drugs have been developed to treat

PMBCL. Rituximab in combination with chemotherapy is a feasible treatment regimen for PMBCL, and pembrolizumab is a feasible treatment regimen for relapsed PMBCL, according to the NCCN guidelines. The only PD-(L)1 drug marketed for PMBCL globally is Keytruda, which was approved in June 2018. In China, the only biologic drug that has been approved for PMBCL is Roche's Rituxan (rituximab), which targets CD20.

Cervical cancer is the second most commonly occurring cancer in women. The incidence of cervical cancer in China is expected to reach 117 thousand cases in 2020 and further reach 125 thousand cases in 2030. The prevalence of cervical cancer in China is expected to reach 78 thousand in 2020 and further reach 84 thousand in 2030, among whom patients with r/r cervical cancer are expected to account for 41 thousand in 2020 and 44 thousand in 2030. HPV vaccines were approved in China in 2017, but HPV vaccination will not significantly affect the incidence of cervical cancer in 2030 because the majority of these patients have already missed the best opportunity to receive HPV vaccine. The influence of HPV vaccination on cervical cancer incidence may become more significant after 2035. The relapsed rate for cervical cancer is relatively high at about 35-40%. The treatment options for relapsed/metastatic cervical cancer patients are currently limited. Main treatments for advanced cervical cancer is radiotherapy such as external beam radiation therapy with adjuvant chemotherapy. Chemotherapy mainly adopts platinum-containing monotherapy or combination therapy. According to the CSCO guidelines for cervical cancer, bevacizumab is recommended to be used in both first- and second- line treatments. Several targeted biologics are under clinical trials for relapsed/metastatic cervical cancer globally, such as Avastin (bevacizumab) and PD-(L)1 drugs. There is currently no approved biologic drug for cervical cancer in China so far. PD-(L)1 drugs have great potential in second-line r/r cervical cancer treatment. PD-(L)1 drugs targeting r/r cervical cancer are expected to be approved in 2022 and experience a significant growth in the near future.

ASPS is a cancer with mutations in the ASPL-TFE3 gene. ASPS is of great significance because of its high metastatic rate of 79%, even though its patient population in China is small. The treatment scheme for ASPS is limited at present with a main focus on neo-adjuvant therapy. ASPS has fewer treatment options than angiosarcomas and solitary fibrous tumor (SFT) due to its insensitivity to cytotoxic drugs, according to the NCCN guidelines. More ASPS treatments are in need. No PD-(L)1 drug has been approved for ASPS so far. Keytruda is under Phase 2 clinical trial for ASPS registered with the FDA. In China, only CTTQ Pharma's Focus V (anlotinib), which targets RTK, has been approved for ASPS.

In addition to monotherapies, we are developing GB226 in combination with other therapies for various oncology indications, including NSCLC and mCRC.

NSCLC is the cancer with the highest incidence rate in China. More than 900 thousand patients are newly diagnosed as lung cancer annually in China, among which over 80% are diagnosed with NSCLC. In 2019, the incidence of NSCLC in China reached 733.1 thousand cases, representing a CAGR of 3.2% from that in 2014 at 624.8 thousand cases. The incidence of EGFR mutation-positive NSCLC in China is expected to expand to 379 thousand in 2020 and further to 507 thousand by 2030.

There are various treatment plans for NSCLC. Currently, patients with advanced NSCLC are divided into EGFR/ALK-positive and EGFR/ALK-negative groups. EGFR/ALK-negative patients are treated with immunotherapy if they are positive for PD-L1. About 50% of patients with advanced non-squamous NSCLC fall under this category. Keytruda has already been approved as first-line treatment for this indication, with the vast majority of other PD-(L)1 drugs also being developed for this indication. EGFR is the most common genetic mutation in NSCLC patients in China, and its proportion in non-squamous NSCLC patients is about 44%. According to the treatment guidelines, these patients are directly treated with small molecule EGFR tyrosine kinase inhibitors (EGFR TKI inhibitors). The first- and second- generation EGFR TKI inhibitors that have been approved in China include erlotinib, gefitinib and afatinib. Currently, the world's potential best-in-class third-generation EGFR TKI inhibitor, Tagrisso (osimitinib), has been approved in China for first-line treatment of patients with advanced EGFR mutation-positive NSCLC. Tagrisso will gradually replace other EGFR TKI inhibitors, but patients still lack effective later-line treatments after Tagrisso-resistance. The incidence of EGFR mutation-positive relapsed NSCLC patients in China is expected to expand to 258 thousand in 2020 and further to 345 thousand by 2030.

The effect of first-line immunotherapy in patients with EGFR mutations is not optimal, because of the overall low level of PD-L1 expression in patients. However, the JCO study indicated that PD-L1 expression significantly increases with the development of resistance to EGFR TKI inhibitors, so immunotherapy may still be used as a treatment option for EGFR mutation-positive advanced NSCLC patients after the development of resistance to EGFR TKI inhibitors. There is currently no immunotherapy drug approved for the treatment after the development of resistance to EGFR TKI inhibitors, so this group of patients with advanced EGFR mutation-positive NSCLC urgently need a later-line treatment after drug resistance. In China, we are among the only two domestic companies currently conducting clinical trials for EGFR mutation-positive NSCLC patients after EGFR TKI inhibitors treatment failure.

Since being approved as first-line treatment in September 2019, Tagrisso has become the recommended first-line treatment for Chinese patients with EGFR mutation-positive NSCLC, according to the treatment guidelines. After that, the vast majority of new EGFR mutation-positive NSCLC patients will use Tagrisso as first-line treatment. The clinical trial of GB226 is the only trial in China that specifically targets patients with EGFR mutation-positive NSCLC after treatment with Tagrisso has failed, and our clinical trial design has been optimized for Tagrisso resistance. We believe that our GB226 is taking the lead in the market and may become the first Chinese immunotherapy drug approved for the treatment of patients with advanced EGFR mutation-positive NSCLC after Tagrisso resistance.

CRC is the cancer developed from the colon or rectum. In 2019, the incidence of CRC in China reached near 434 thousand cases, representing a CAGR of 3.2% from that in 2014 at 370 thousand cases. It is expected that this number will reach over 570 thousand in 2030. The treatment options for mCRC are limited to combination therapies of bevacizumab with chemotherapy or cetuximab with chemotherapy. Although these therapies have been approved as first-line treatment for mCRC patients, for patients with drug resistance, second-line treatment is limited, according to the NCCN guidelines. PD-(L)1 monotherapy and

combination therapies have already been proven effective in clinical trials for third-line mCRC treatment in the United States. Currently, there are over 10 Phase 2/3 PD-(L)1 drugs clinical trials ongoing targeting mCRC registered with the FDA, including Opdivo and Keytruda. In China, the only biologics that have been approved for mCRC in China are Roche's VEGF-targeting Avastin (bevacizumab), Merck's EGFR-targeting Erbitux (cetuximab) and Qilu Pharmaceutical's Ankeda (bevacizumab biosimilar). In China, PD-(L)1 drug clinical trials registered for mCRC are limited, including only four candidates. With the approval of PD-(L)1 therapy for mCRC by the FDA, the application and approval progress is expected to be accelerated. PD-(L)1 therapy is expected to become the standard third-line therapy for mCRC patients in China in 2021, according to the CIC Report.

The following table sets forth comparisons between GB226 and its PD-(L)1 competitive drug candidates in China which are approved to market or in clinical trials:

Comparison Between GB226 and its Approved or Clinical-Stage Competitors in China

Drug name	Sponsors/ Collaborators	Phase	Indications	First Posted Date (for drugs under development)/ Approval Date (for approved drugs)
PTCL				
GB226	**Genor Biopharma**	**NDA accepted**	**r/r PTCL**	**2020/7/21**
AK104	Akeso	Phase 1b/2	r/r PTCL	2020/1/13
F520	Lunan Pharmaceutical Group	Phase 2	r/r PTCL	2020/8/4
PMBCL				
GB226	**Genor Biopharma**	**Phase 2**	**PMBCL**	**2018/8/19**
TQB2450	Chiatai Tianqing	Phase 2	PMBCL	2019/5/29
ASPS				
GB226	**Genor Biopharma**	**Phase 2**	**ASPS**	**2018/8/9**
Cervical Cancer				
Durvalumab	AstraZeneca	Phase 3	Locally advanced cervical cancer	2020/4/9
Keytruda	MSD	Phase 3	Locally advanced cervical cancer	2020/7/22
GB226	**Genor Biopharma**	**Phase 2**	**PD-1-positive relapsed or metastatic cervical cancer that fails platinum-based chemotherapy**	**2019/3/8**

Drug name	Sponsors/ Collaborators	Phase	Indications	First Posted Date (for drugs under development)/ Approval Date (for approved drugs)
GLS-010	Harbin Gloria, Wuxi AppTec	Phase 2	Relapsed or metastatic cervical cancer	2019/5/15
HLX10 (in combination with chemotherapy)	Henlius	Phase 2	Advanced cervical cancer	2019/12/6
ZKAB001	Zhaoke Oncology	Phase 1	Cervical cancer	2018/7/2
EGFR mutation-positive NSCLC				
Opdivo	BMS	Phase 3	Advanced or metastatic EGFR mutation-positive and T790M negative NSCLC with first line EGFR-TKI treatment failure	2017/6/29
JS001 (in combination with pemetrexed platinum-based chemotherapy)	Junshi	Phase 3	EGFR mutation-positive NSCLC with EGFR-TKI treatment failure	2019/4/19
GB226 (in combination with fruquintinib)	**Genor Biopharma**	**Phase 1**	**Recurrent or metastatic NSCLC with EGFR-TKI treatment failure**	**2018/11/27**
mCRC				
KN035	Alphamab	Phase 2	Advanced CRC	2018/7/25
Opdivo (in combination with ipilimumab)	BMS	Phase 3	dMMR/MSI-H relapsed or metastatic CRC	2020/6/23
SCT-I10A (in combination with SCRT200)	Sino Cell Tech	Phase 1b	Advanced CRC	2020/3/18
GB226 (in combination with fruquintinib)	**Genor Biopharma**	**Phase 1**	**mCRC**	**2019/1/8**

Summary of Clinical Trial Results

Pivotal Phase 2 Study in r/r PTCL

Study Design. We have completed a pivotal Phase 2 clinical study to evaluate the efficacy and safety of GB226 for the treatment of Chinese population with r/r PTCL who failed at least one prior systemic treatment. We have recruited a total of 102 patients with ECOG 0-1. GB226 is given at 3mg/kg q2w dose level intravenously until disease progression, unacceptable toxicity or the expiration of two years. Primary endpoint is ORR, and secondary endpoints are duration of response (DOR), overall survival (OS), progression-free survival (PFS), disease control rate (DCR), time to response (TTR), safety and immunogenicity. Evaluation of ORR was done according to the Lugano 2014 criteria.

Efficacy. GB226 showed a promising clinical activity in PTCL patients. Clinical data of 73 patients were included in the efficacy analysis, representing the full analysis set population, which is a trial population as close as possible to the general population for which the test treatment is intended. The efficacy results from this trial are summarized in the following tables. GB226 demonstrated an independent review committee (IRC)-evaluated ORR of 38.4%, whereas the reported ORR of chidamide (HDAC inhibitor) is 28%.

Best overall response of GB226 in r/r PTCL – IRC

Overall efficacy	**(N = 73) n (%)**
Best overall response (BOR)	
Complete response (CR)	8 (11.0%)
Partial response (PR)	20 (27.4%)
Stable disease (SD)	15 (20.5%)
Progressive disease (PD)	23 (31.5%)
Unevaluable (UE) *	0
Not Applicable (NA) #	7(9.6%)
Objective response rate (ORR, CR+PR) (95% CI)	**28 (38.4%) (27.21%, 50.48%)**
Disease control rate (DCR, CR+PR+SD) (95% CI)	**43 (58.9%) (46.77%, 70.29%)**

Best overall response of GB226 in r/r PTCL – Investigator

Overall efficacy	(N = 73) n (%)
Best overall response (BOR)	
Complete response (CR)	5 (6.8%)
Partial response (PR)	23 (31.5%)
Stable disease (SD)	11 (15.1%)
Progressive disease (PD)	27 (37.0%)
Unevaluable (UE) *	1 (1.4%)
Not Applicable (NA) #	6 (8.2%)
Objective response rate (ORR, CR+PR) (95% CI)	**28 (38.4%) (27.21%, 50.48%)**
Disease control rate (DCR, CR+PR+SD) (95% CI)	**39 (53.4%) (41.37%, 65.20%)**

Notes: NA = not applicable (subjects exited the study without conducting at least one valid efficacy evaluation due to adverse events or withdrawal of consent); CR = complete response; PR = partial response; SD = stable disease; PD = progressive disease; UE = unevaluable (subjects received imaging scan but the results were not evaluable); CI = confidence interval; IRC = independent review committee

Efficacy analysis of GB226 in r/r PTCL – IRC

Overall efficacy	(N = 73) n (%)
Duration of response (DOR) (months)	
(Minimum, maximum)	(1.31+, 13.83+)
Median (95% CI)	7.10 (4.21, NR)
Estimated rate of durable responses	
3 months (95% CI)	0.7 (0.5, 0.9)
6 months (95% CI)	0.5 (0.3, 0.7)
12 months (95% CI)	0.4 (0.2, 0.6)
Time to response (TTR) (months)	
(Minimum, maximum)	(0.03+, 11.14+)
Median (95% CI)	4.0 (1.5, NR)
Estimated rate of response	
3 months (95% CI)	0.5 (0.4, 0.7)
6 months (95% CI)	0.4 (0.2, 0.6)
12 months (95% CI)	NR (NR, NR)

Efficacy analysis of GB226 in r/r PTCL – Investigator

Overall efficacy	**(N = 73) n (%)**
Duration of response (DOR) (months)	
(Minimum, maximum)	(0.03+, 13.83+)
Median (95% CI)	2.9 (1.5, NR)
Estimated rate of durable responses	
3 months (95% CI)	0.5 (0.3, 0.7)
6 months (95% CI)	0.4 (0.2, 0.6)
12 months (95% CI)	0.4 (0.2, 0.6)
Time to response (TTR) (months)	
(Minimum, maximum)	(1.18, 9.66)
Median (95% CI)	1.4 (1.4, 2.7)
Estimated rate of response	
3 months (95% CI)	0.5 (0.4, 0.6)
6 months (95% CI)	0.4 (0.2, 0.5)
12 months (95% CI)	0.2 (0.0, 0.4)

Notes: IRC = independent review committee; CI = confidence interval

The following tables show the PFS of the patients.

PFS in r/r PTCL – IRC

	(N = 73) n (%)
Progressive-free survival (months)	
(Minimum, maximum)	(0.03+, 15.18+)
Median	**2.7 (1.5, 4.2)**
Progression-free survival rate	
3 months (95% CI)	0.4 (0.3, 0.5)
6 months (95% CI)	0.4 (0.3, 0.5)
12 months (95% CI)	0.2 (0.1, 0.3)

PFS in r/r PTCL – Investigator

	(N = 73) n (%)
Progressive-free survival (months)	
(Minimum, maximum)	(0.03+, 15.18+)
Median	**2.7 (1.4, 2.9)**
Progression-free survival rate	
3 months (95% CI)	0.4 (0.3, 0.5)
6 months (95% CI)	0.3 (0.2, 0.4)
12 months (95% CI)	0.2 (0.1, 0.3)

Notes: IRC = independent review committee; CI = confidence interval; PFS = progression-free survival

In sub-group analysis, GB226 demonstrated anti-tumor efficacy across all common subtypes of PTCL and in patients (n = 16) who had previously been treated with chidamide.

GB226 demonstrated anti-tumor efficacy across all common subtypes of PTCL

Histologic subtypes	Number of patients	Efficacy (IRC assessment)	
		ORR N (%)	DCR N (%)
All patients		37 (36.3%)	57 (55.9%)
Peripheral T-cell lymphoma, not otherwise specified (PTCL-NOS)	26	4 (15.4%)	11 (42.3%)
Extranodal NK-/T-cell lymphoma, nasal type (ENKTL)	17	10 (58.8%)	13 (76.5%)
ALK-positive anaplastic large cell lymphoma (ALCL ALK+)	5	2 (40.0%)	3 (60.0%)
ALK-negative anaplastic large cell lymphoma (ALCL ALK-)	13	7 (53.8%)	8 (61.5%)
Others	12	5 (41.7%)	8 (66.7%)

Notes: IRC = independent review committee; CI = confidence interval; PTCL-NOS = PTCL-not otherwise specified; ENKTL = extranodal NK-/T-cell lymphoma, nasal type; ALCL ALK+ = anaplastic lymphoma kinase-positive anaplastic large cell lymphoma; ALCL ALK- = anaplastic lymphoma kinase-negative anaplastic large cell lymphoma; ORR = objective response rate; DCR = disease control rate

GB226 demonstrated anti-tumor efficacy in PTCL patients who had previously received Chidamide – IRC

Subgroup	ORR (95% CI)	DCR (95% CI)	Median PFS (months) (95% CI)
Previous exposure to Chidamide			
Yes (N=16)	6 (37.5%) (15.20%, 64.57%)	8 (50.0%) (24.65%, 75.35%)	2.6 (1.2-8.3)
No (N=57)	22 (38.6%) (26.00%, 52.43%)	35 (61.4%) (47.57%, 74.00%)	2.7 (1.4-4.2)

Notes: ORR = objective response rate; DCR = disease control rate; PFS = progression-free survical; CI = confidence interval; IRC = independent review committee

Safety. GB226 showed an acceptable safety profile in PTCL patients. Clinical data of 102 patients were included in safety analysis, which include patients who received at least one injection of GB226 and at least one valid safety evaluation.

The safety results from this trial for GB226 are summarized in the following table.

Safety analysis of GB226 in r/r PTCL

Adverse events (AEs)	Gxplore-002 (N=102) n (%)
All treatment emergent adverse events (TEAEs)	94 (92.2%)
≥Grade 3 TEAEs	57 (55.9%)
Treatment-related adverse events (TRAEs)	81 (79.4%)
≥Grade 3 TRAEs	23 (22.5%)
Serious adverse events (SAEs)	40 (39.2%)
Treatment-related SAEs	16 (15.7%)
Immune-related adverse events (irAEs)	36 (35.3%)
≥Grade 3 irAEs (irAE)	10 (9.8%)
AEs leading to dose interruption	22 (21.6%)
TRAEs leading to dose interruption	14 (13.7%)
AEs leading to dose discontinuation	17 (16.7%)
TRAES leading to dose discontinuation	9 (8.8%)
AEs leading to death	12 (11.8%)
TRAEs leading to death	1 (1.0%)

Notes:

(1) TEAE = treatment emergent adverse events; TRAE = treatment related adverse events; SAE = serious adverse events; irAE = immune-related adverse events; CTCAE = common terminology criteria for adverse events

(2) Grade according to CTCAE

Summary of ≥10% TEAE of GB226 in r/r PTCL

System organ classes (SOCs) Terminology	Gxplore-002 (N=102) n (%)
At least one treatment emergent adverse event	87 (85.3%)
Metabolism and nutrition disorders	42 (41.2%)
Anorexia	15 (14.7%)
Hypokalemia	15 (14.7%)
Hypoproteinemia	12 (11.8%)
General disorders and administration site conditions	40 (39.2%)
Fever	25 (24.5%)
Fatigue	11 (10.8%)
Blood and lymphatic system disorders	33 (32.4%)
Anemia	33 (32.4%)
Respiratory, thoracic and mediastinal disorders	21 (20.6%)
Cough	15 (14.7%)
Infectious and infestations	24 (23.5%)
Upper respiratory infection	15 (14.7%)
Pulmonary infection	11 (10.8%)
Skin and subcutaneous disorders	15 (14.7%)
Pruritus	13 (12.7%)

Grade ≥3 TEAEs that were observed in >5% of patients primarily included anemia (12.7%), reduced lymphocyte count (10.8%), reduced platelet count (9.8%), reduced white blood cell count (9.8%), upper respiratory tract infection (7.8%), death (7.8%), lung infection (6.9%), reduced neutrophil count (6.9%) and fever (5.9%). GB226 mainly showed irAEs, whereas chidamide showed hematological abnormalities. Thrombocytopenia, leucopenia and neutropenia were observed with higher incidence and more severity with chidamide than GB226.

Immunogenecity. 94 patients (92.2%) had treatment emergent antidrug antibody (ADA) to GB226, among whom two patients was ADA-positive at baseline.

Phase 2 Study in Relapsed/Metastatic/Unresectable ASPS

Study Design. We are currently conducting an open-label, single-arm, Phase 2 clinical study of GB226 in relapsed/metastatic/unresectable ASPS. We have recruited 37 patients with ECOG 0-1. GB226 is given intravenously at 3 mg/kg q2w dose level until disease progression, unacceptable toxicity or the expiration of one year. Primary endpoint is ORR, and secondary endpoints are DOR, OS, PFS and safety. Evaluation of ORR was done according to the RECIST1.1 criteria.

Efficacy. As of 23 March 2020, GB226 showed promising clinical activities in ASPS. Clinical data of 37 patients were included in efficacy analysis, including all patients who received at least one injection of GB226 and at least one valid efficacy evaluation and patients who had exited the study.

The efficacy results from this trial for GB226 as of 23 March 2020 are summarized in the following table. GB226 demonstrated an ORR of 40.5%, as compared to the reported ORR of 25% for anlotinib, which is the standard of care treatment for ASPS.

Efficacy analysis of GB226 in ASPS

Overall efficacy	**Investigator assessment* (N=37) n (%)**	**IRC assessment* (N=37) n (%)**
Best overall response (BOR)		
Confirmed + unconfirmed completed response (CR)	1 (2.7%)	0
Confirmed CR	0	0
Confirmed + unconfirmed partial response (PR)	14 (37.8%)	14 (37.8%)
Confirmed PR	13 (35.1%)	14 (37.8%)
Stable disease (SD)	17 (45.9%)	18 (48.6%)
Objective response rate (ORR) (CR + PR)#	**15 (40.5%)**	**14 (37.8%)**
(95% CI)	**(24.8%, 57.9%)**	**(22.5%, 55.2%)**
Disease control rate (DCR) (CR + PR + SD)#	**31 (83.8%)**	**32 (86.5%)**
(95% CI)	**(68.0%, 93.8%)**	**(71.2%, 95.5%)**
Duration of response (DOR) (months)		
(Minimum, maximum)	(2.79+, 13.77+)	(2.6, 13.73+)
Median (95% CI)	NR (6.9, NR)	NR (10.28, NR)
Estimated rate of durable responses		
3 months (95% CI)	100% (100%, 100%)	92.9% (59.1%, 99.0%)
6 months (95% CI)	87.5% (53.9%, 96.2%)	92.9% (59.1%, 99.0%)
Time to response (TTR) (months)		
(Minimum, maximum)	(1.35, 15.38+)	(1.35, 15.38+)
Median (95% CI)	NR (2.9, NR)	NR (4.2, NR)

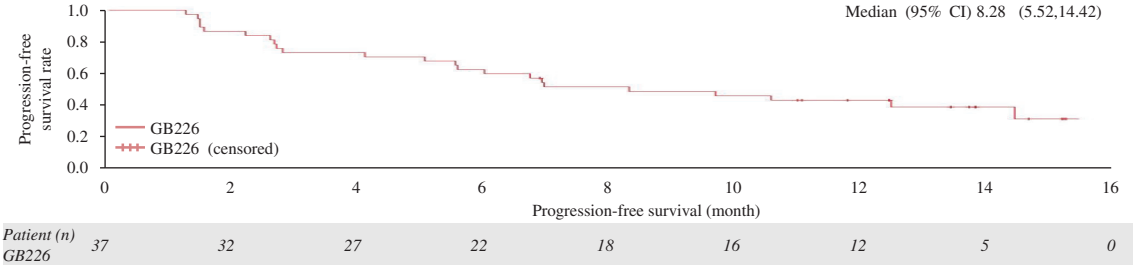
Notes:

(1) BOR = best overall response; CR = complete response; PR = partial response; SD = stable disease; ORR = objective response rate; DOR = duration of response; TTR = time till response; CI = conficence interval; NR = not reached; IRC = independent review committee

Confirmed and unconfirmed CR/PR included

The following graph shows the PFS of the 37 patients as of 23 March 2020. No death was observed as of 23 March 2020 in this trial, and the longest survival period was 18.3 months.

PFS in ASPS



PFS in ASPS

	Investigator assessment	IRC assessment
Number of patients	**37**	**37**
Progression-free survival (months)		
(Minimum, maximum)	(1.41, 15.24+)	(1.22, 15.24+)
Median (95% CI)	8.2 (5.6, 14.0)	8.3 (5.5, 14.4)
Estimated progression-free survival rate		
3 months (95% CI)	75.7% (58.5%, 86.5%)	73.0% (55.6%, 84.4%)
6 months (95% CI)	62.2% (44.6%, 75.6%)	59.5% (42.0%, 73.2%)

Notes: CI = conficence interval; NR = not reached; IRC = independent review committee

In sub-group analysis, as of 23 March 2020, GB226 demonstrated anti-tumor efficacy in both first-line and second-line or higher ASPS patients and in 33.3% of ASPS patients who had failed anlotinib treatment.

GB226 demonstrated anti-tumor efficacy in both first-line and second-line or higher ASPS patients and in ASPS patients who had failed anlotinib treatment

Subgroup	ORR (95% CI)		DCR (95% CI)	
Lines of therapy				
First therapy (N=14)	5 (35.7%)	(12.8%, 64.9%)	14 (100.0%)	(76.8%, 100.0%)
First line and above (N=23)	9 (39.1%)	(19.7%, 61.5%)	18 (78.3%)	(56.3%, 92.5%)
Previous exposure to Anlotinib				
Yes (N=9)	3 (33.3%)	(7.5%, 70.1%)	5 (55.6%)	(21.2%, 86.3%)
No (N=28)	11 (39.3%)	(21.5%, 59.4%)	27 (96.4%)	(81.7%, 99.9%)

Notes: CI = conficence interval; IRC = independent review committee; NR = not reached; 95% CI was calculated by Clopper-Pearson method for ORR and DCR

Safety. As of 23 March 2020, GB226 showed an acceptable safety profile in ASPS. Clinical data of 37 patients were included in safety analysis, including all patients who received at least one injection of GB226 and at least one valid safety evaluation. The average exposure period among all 37 patients was 48 weeks, ranging from 8.1 weeks to 69.6 weeks. 83.8% of these patients had received GB226 for 24 weeks or longer, and 48.6% had received GB226 for 52 weeks or longer.

The safety results from this trial for GB226 as of 23 March 2020 are summarized in the following table.

Safety analysis of GB226 in ASPS

Adverse events (AEs)	**Gxplore-005 (N=37) n (%)**
All treatment emergent adverse events (TEAEs)	36 (97.3%)
Treatment-related adverse events (TRAEs)	31 (83.8%)
Treatment emergent serious adverse events (SAEs)	7 (18.9%)
Treatment-related SAEs	3 (8.1%)
Immune-related adverse events (irAEs)	18 (48.6%)
≥Grade 3 TEAEs	8 (21.6%)
≥Grade 3 TRAEs	4 (10.8%)
AEs leading to dose interruption	14 (37.8%)
TRAEs leading to dose interruption	10 (27.0%)
AEs leading to dose discontinuation	2 (5.4%)
TRAEs leading to dose discontinuation	2 (5.4%)
AEs leading to death	0
TRAEs leading to death	0

Notes:

(1) TEAE = treatment emergent adverse events; TRAE = treatment related adverse events; SAE = serious adverse events; irAE = immune-related adverse events; CTCAE = common terminology criteria for adverse events

(2) Grade according to CTCAE

Summary of ≥10% TEAE of GB226 in ASPS

System Organ Classes (SOCs) Terminology	Gxplore-005 (N=37) n (%)
At least one treatment emergent adverse event	36 (97.3%)
Skin and subcutaneous disorders	17 (45.9%)
Skin rash	7 (18.9%)
Infectious and infestations	17 (45.9%)
Upper respiratory infection	11 (29.7%)
General disorders and administration site conditions	15 (40.5%)
Fever	8 (21.6%)
Influenza-like illness	4 (10.8%)
Metabolism and nutrition disorders	9 (24.3%)
Hyperglycemia	5 (13.5%)
Hyperuricemia	4 (10.8%)
Blood and lymphatic system disorders	9 (24.3%)
Anemia	7 (18.9%)
Endocrine disorders	8 (21.6%)
Hypothyroidism	7 (18.9%)

Grade ≥3 TEAEs primarily included elevated lipase (N=2; 5.4%). 17 patients had at least one immune-related AE, which primarily included hypothyroidism (N=7; 18.9%) and rash (N=6; 16.2%).

Immunogenecity. As of 23 March 2020, four patients (10.8%) had treatment emergent ADA to GB226, among whom three patients were ADA-positive at baseline.

Phase 2 Study in Recurrent or Metastatic Cervical Cancer

Study Design. We are currently conducting a multi-center, prospective, open-label, single-arm Phase 2 clinical study of GB226 in PD-1-positive recurrent or metastatic cervical cancer patients who failed at least one prior platinum-based chemotherapy. We expect to enroll a total of 80 patients at about 20 trial sites with ECOG 0-1. GB226 is given intravenously at 3 mg/kg q2w dose level until disease progression, unacceptable toxicity or the expiration of two years. Primary endpoint is ORR, and secondary endpoints are DOR, OS, PFS, DCR, TTR, safety and ADA. Evaluation of ORR was done according to the RECIST1.1 criteria.

Efficacy. As of 2 April 2020, GB226 showed promising anti-tumor activities in recurrent or metastatic cervical cancer. Clinical data of 58 patients were included in efficacy analysis, including all patients who received at least one valid efficacy evaluation and patients who had exited the study.

The efficacy results from this trial for GB226 as of 2 April 2020 are summarized in the following table. GB226 demonstrated an investigator-evaluated ORR of 19.0%.

Efficacy analysis of GB226 in recurrent or metastatic cervical cancer

Overall efficacy	Investigator assessment (N=58) n(%)
Best overall response (BOR)	
Complete response (CR)	0
Unconfirmed + confirmed partial response (PR)	11 (19.0%)
Confirmed partial response (PR)	8 (13.8%)
Stable disease (SD)	10 (17.2%)
Progressive disease (PD)	29 (50.0%)
Not evaluable (NE)	3 (5.2%)
Not applicable (NA)	5 (8.6%)

Notes: BOR = best overall response; CR = complete response; PR = partial response; SD = stable disease; ORR = objective response rate; DOR = duration of response; TTR = time till response; CI = conficence interval; NE = not evaluable; # = including both confirmed and unconfirmed PR

Clinical Development Plan

Based on the trials that we have conducted for GB226 as of the Latest Practicable Date, we believe that GB226 demonstrates anti-tumor activities across multiple tumor types and has a favorable safety profile. We are executing a comprehensive clinical trial development plan in China targeting an array of cancer indications for our GB226:

Fast-to-market strategy

We have adopted a fast-to-market strategy and a differentiated regulatory pathway for GB226 by conducting clinical trials for indications with few effective treatment options. We believe this strategy will help accelerate GB226's regulatory approval process and commercial launch:

- *2L+ r/r PTCL*: There is no NMPA- or FDA- approved PD-(L)1 drugs for PTCL yet. We have completed this pivotal Phase 2 study with an NDA currently under review by the NMPA and has been granted priority review status. The start date of this trial is 12 July 2018 and the end date, or the date of database lock, is 14 March 2020.

- *2L+ r/r PMBCL*: We are conducting an open-label, single-arm pivotal Phase 2 study in China to evaluate the safety and efficacy of GB226 at 3mg/kg q2w dose level in patients with r/r PMBCL who failed at least two prior systemic treatments, with ECOG 0-1. The primary endpoint is ORR and the secondary endpoints are DOR, OS and PFS. The start date of this trial is 22 October 2018. We expect to enroll a total of 53 patients. As of 27 May 2020, we had recruited 23 patients.

- *2L+ Cervical Cancer*: The start date of this trial is 23 May 2019. As of 27 May 2020, we had enrolled 69 patients for the Phase 2 study. GB226 demonstrated an investigator-evaluated ORR of 19.0%. Pembrolizumab, a PD-1 monoclonal antibody, received an accelerated approval from the FDA for PD-L1 positive cervical cancer based on an ORR of 14.3% in the clinical trials. We plan to file an NDA with the NMPA in the next 24 months.

- *ASPS*: The start date of this trial is 13 September 2018 and the end date is 16 July 2020. We will plan for further studies based on internal review of the study results.

Large indications

We are evaluating GB226 for the treatment of some of the most prevalent cancer types, such as NSCLC and mCRC. We plan to maximize GB226's commercial potential and explore extensive PD-1 backbone combination therapies. The combination therapy of PD-1 and fruquintinib may potentially demonstrate better efficacy than PD-1 monotherapy.

- *2L/3L+ EGFR+ NSCLC*: According to the CIC report, NSCLC is the cancer with the highest incidence rate in China. More than 900 thousand patients are newly diagnosed as lung cancer annually in China, among which over 80% are diagnosed with NSCLC. Among all EGFR-positive NSCLC patients who receive EGFR therapy as first- or second- line treatment, approximately 47% are also PD-1-positive. These patients will turn to PD-1 therapy after developing resistance to EGFR therapy. Besides, patients who are neither EGFR- nor PD-1- positive also intend to receive PD-1 therapy. We are conducting a multi-center, open-label, dose-finding Phase 1b study with extension phase in China to evaluate the safety and tolerability of GB226 at 210mg q2w dose level in combination with fruquintinib (2mg, 4mg or 5mg, q.d., po., 3 weeks-on/1 week-off) in relapsed or metastatic NSCLC patients with EGFR-sensitive mutations who have failed to respond to EGFR-TKI treatment, the pharmacokinetic characteristics of GB226 and fruquintinib, and the immunogenicity of GB226. The primary endpoints are adverse events, serious adverse events, DLT and maximum tolerated dose and the secondary endpoints are DCR, ORR, OS, PFS, DOR, antidrug antibody and PK parameters. The start date of this trial is 9 August 2019. We expect to enroll at least 42 patients at about three trial sites. As of 27 May 2020, we had recruited 9 patients. We plan to initiate a Phase 3 clinical trial of GB226 in combination with fruquintinib in 2L/3L+ EGFR+ NSCLC in the next 24 months.

- *2L+ mCRC*: According to the CIC report, the incidence of CRC in China is expected to reach 446 thousand cases in China in 2020 and further to 571 thousand cases by 2030. The prevalence of CRC in China is expected to reach 1,249 thousand in China in 2020 and further to 1,604 thousand by 2030, among whom microsatellite instability-high patients are expected to account for 67 thousand in 2020 and 86 thousand in 2030. For patients with drug resistance, second-line treatment is limited. According to the NCCN guidelines. PD-(L)1 monotherapy and combination

therapies have already been proven effective in clinical trials for third-line mCRC treatment in the United States. We are conducting a multi-center, dose escalation Phase 1b study in China to evaluate the safety and tolerability of GB226 at 3mg/kg q2w dose level in combination with fruquintinib (3mg, 4mg or 5mg, q.d., po.,3 weeks-on/1 week-off) in patients with mCRC, the PK characteristics of GB226 in combination therapy and immunogenicity. The primary endpoints are adverse events, dose limited toxicity (DLT) and maximum tolerated dose (MTD) or extended period recommended dose (RDE), and the secondary endpoints are DCR, ORR, OS, PFS, DOR, antidrug antibody and PK parameters. The start date of this trial is 18 April 2019. We expect to enroll a total of 21 patients at three trial sites. As of 27 May 2020, we had recruited 7 patients.

Combination Therapies with VEGF Inhibitors Including GB222

In addition, we plan to evaluate GB226 in combination with VEGF inhibitors including GB222 in various large oncology indications:

- *Gastric Cancer*: According to the CIC report, the incidence of gastric cancer is expected to expand to 514 thousand in 2020 and further to 600 thousand in 2030 in China. The prevalence of gastric cancer is expected to reach 604 thousand in 2020 and further to 705 thousand by 2030 in China. We plan to initiate a Phase 3 clinical trial of GB226 in gastric cancer in the next 24 months.

- *HCC*: According to the CIC report, the incidence of HCC is expected to expand to 403 thousand in 2020 and further to 523 thousand in 2030 in China. We plan to initiate a Phase 3 clinical trial of GB226 in HCC in the next 24 months.

Licenses, Rights and Obligations

We in-licensed the rights to develop, manufacture and commercialize GB226 in China from Crown Bioscience (Taicang), Inc., or Crown Bioscience (Taicang), an affiliate of Crown Bioscience, in March 2015 as described under "– In-licensing Arrangements – Licensing Agreement with Crown Bioscience (Taicang) (GB226)" below.

Material Communications

In August 2018, we submitted pivotal Phase 2 clinical trial protocols for PTCL, PMBCL and ASPS to the Center of Drug Evaluation, or CDE, requesting a meeting to discuss the design of such pivotal Phase 2 clinical trial protocols to expedite the time for the NDA filings and regulatory approvals. In September 2018, the CDE confirmed with us in writing that the pivotal Phase 2 clinical trial protocols for PTCL and PMBCL were accepted in principle. We have submitted an NDA with the NMPA for GB226 in 2L+ r/r PTCL, and our submission was accepted for review by the NMPA in July 2020.

In March 2020, we submitted an IND for an open-label, multi-center Phase 1b/2 clinical trial of GB226 in combination with lenvatinib for the treatment of patients with HCC. The NMPA confirmed that the study may proceed in June 2020.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB226 SUCCESSFULLY.

GB492 (IMSA101): A STING Agonist Drug Candidate for Solid Tumors

GB492 is our STING agonist drug candidate for solid tumors. In preclinical studies, IMSA101 demonstrated effective inhibition of tumor growth alone and in combination with checkpoint inhibitors, including tumors resistant to PD-(L)1. Preliminary data of several early stage clinical trials suggest that STING agonist in combination with PD-1 might be efficacious in treating solid tumors, including head and neck squamous cell carcinoma (HNSCC) immune-oncology treatment-naive TNBC, immune-oncology-treated MM and thyroid carcinoma. STING agonists have also been shown to be generally well tolerated in these early stage trials. Two Phase 2 combination studies of STING agonist and PD-1 are currently undergoing, both in first-line setting head and neck squamous cell carcinoma (HNSCC).

We in-licensed the rights to development, manufacture and commercialize GB492 in the APAC region (excluding Japan) from ImmuneSensor Therapeutics in June 2020. IMSA101 is currently undergoing a Phase 1/2 clinical trial alone or in combination with ICI conducted by ImmuneSensor Therapeutics in the United States. We plan to evaluate GB492 in combination with GB226 in patients with solid tumors initially in China and might expand to other licensed geographic areas in the future. We believe that there is exciting potential for the application of STING modulators in combination with immune checkpoint blockade (ICB) therapy for oncology indications, for non-responders or post-responsders to ICB therapy, and for tumors resistant to current ICB therapy.

Mechanism of Action

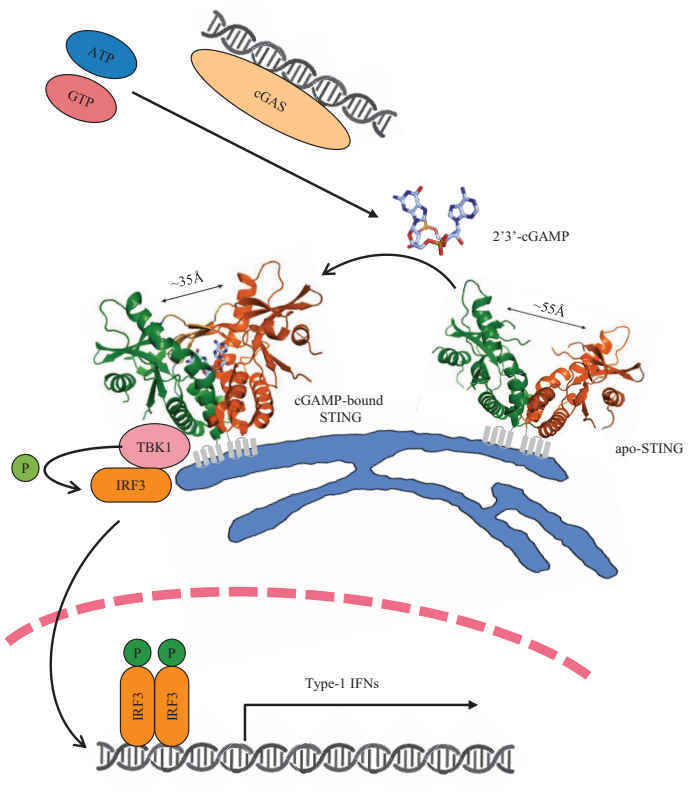
GB492 is a small molecule analogue of cyclic GMP-AMP (cGAMP) that acts as an agonist of the stimulator of interferon genes (STING) with potential immune activating and antineoplastic activities. STING is expressed in various endothelial and epithelial cells, as well as in hematopoietic cells, such as T-cells, macrophages and dendritic cells (DC), and acts as a master regulator of type I interferon (IFN) production and the innate immune system.

In tumor settings, STING is the major mediator of innate immune sensing of cancerous cells. The figure below shows the cGAS-STING-TBK1 signaling pathway and how STING agonists works. Cytosolic dsDNA is recognized by cGAS, catalyzing the production of cGAMP, which directly binds to the STING dimer on the ER and leads to its activation. The activated STING dimer is then translocated to perinuclear microsome from ER via Golgi apparatus, where the C-terminal tail is released leading to STING polymerization. This translocation results in the recruitment and activation of TBK1 by autophosphorylation, which in turn catalyzes the phosphorylation and nuclear translocation of IRF3 to induce transcription of type I IFN genes and other inflammatory genes.

The spontaneous sensing and prompt responding toward foreign invading DNA is a fundamental capacity of host defense. However, the underlining intrinsic mechanism remains complex and largely elusive. cGAS, STING and TBK1 are the key effectors involved in host defense, and the cGAS-STING-TBK1 axis is now appreciated as the major signaling pathway in the immune response across different species. Aberrant signaling of this pathway has been closely linked to multiple diseases, and thus it is reasonable to propose that targeting the cGAS-STING-TBK1 pathway would represent a promising immunotherapeutic strategy for treating auto-inflammation, virus infection and cancers.

Nowadays, multiple cancer immunotherapies including chimeric antigen receptor T-cell (CAR T-cell) and immune checkpoint inhibitors (ICIs) have been successfully developed to treat various cancers by motivating the adaptive anti-tumor immunity. However, many cancers have low clinical response rates to these ICIs due to poor tumor immunogenicity. cGAS-STING-TBK1 axis is now appreciated as the major signaling pathway in innate immune response across different species. Increasing anti-tumor immunity with cGAMP analogs has been demonstrated to increase responsiveness to immune checkpoint blockade, turning "cold" tumors to "hot" tumors and eliciting a powerful antitumor attack. Multiple studies shows that STING agonist may be used as a new immune stimulatory therapy and enhance the efficacy of cancer immunity cycle. By directly stimulating STING, GB492 is able to override key immunosuppressive mechanisms in the tumor microenvironment and warm up cold tumors for immune response.

Mechanism of action of IMSA101



Source: ImmuneSensor Therapeutics

Market Opportunity and Competition

Head and neck squamous cell carcinoma (HNSCC) and triple-negative breast cancer (TNBC) have limited treatment options with around 130 thousand annual incidence in China combined in 2019. Studies have shown that immunotherapy has some effects in advanced stage patients of both types of cancer. Around 67% of HNSCC patients and 55% of TNBC patients have PD-(L)1 expression and may benefit from immunotherapy. STING agonist, as an immune stimulatory therapy, may further increase the response to ICIs in these patients. The combination use of STING agonist and ICIs has the potential to become a new treatment option for these patients and address the unmet medical needs. Global leading biopharmaceutical companies with a focus on immune-oncology, such as MSD and BMS, have already started STING agonist trial in combination with PD-1 inhibitors. In China, there is currently no approved or pipeline STING agonists in clinical trials. The China market size of STING agonist is expected to reach RMB0.1 billion in 2025 and further expand to RMB4.0 billion in 2030, representing a CAGR of 108.3% from 2025 to 2030.

Clinical Development Plan

IMSA101 is currently undergoing an open-label clinical trial conducted by ImmuneSensor Therapeutics with a dose escalation stage (Phase 1) and a dose expansion stage (Phase 2a) for evaluating its safety and efficacy alone or in combination with an ICI. Phase 1 of this study will enroll about 45 patients across 5 sites, and Phase 2a of this study will enroll about 95 patients. The primary endpoints will be the RP2Ds as monotherapy and in combination with an ICI. The secondary endpoints will be safety and tolerability administered via intratumoral (IT) injection, preliminary signals of anti-tumor activity, and PK by IT injection. Patients will receive IMSA101 via IT injection on Day 1 of Weeks 1, 2, and 3 of Cycle 1 (i.e., weekly dosing 3 out of 4 weeks) and on Day 1 of Weeks 1 and 3 (bi-weekly dosing) of subsequent cycles. Combination dosing of IMSA101 with an ICI will be initiated when a given dose level and the next higher dose level are confirmed as safe, and the dose level has demonstrated PD activity. Eligible patients for the combination therapy arm will have had Stable Disease (evaluated based on RECIST) for at least 4 consecutive cycles of an approved ICI. Dose escalation for combination therapy will proceed on a 3+3 basis, consistent with escalation in monotherapy arm.

We plan to evaluate GB492 in combination with GB226 in solid tumors.

Licenses, Rights and Obligations

We in-licnesed GB492 from ImmuneSensor Therapeutics for development in the APAC region (excluding Japan) as described under "– In-licensing Arrangements – License Agreement with ImmuneSensor Therapeutics (GB492)" below.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB492 SUCCESSFULLY.

GB242: A Biosimilar Product Candidate to Infliximab for Rheumatoid Arthritis

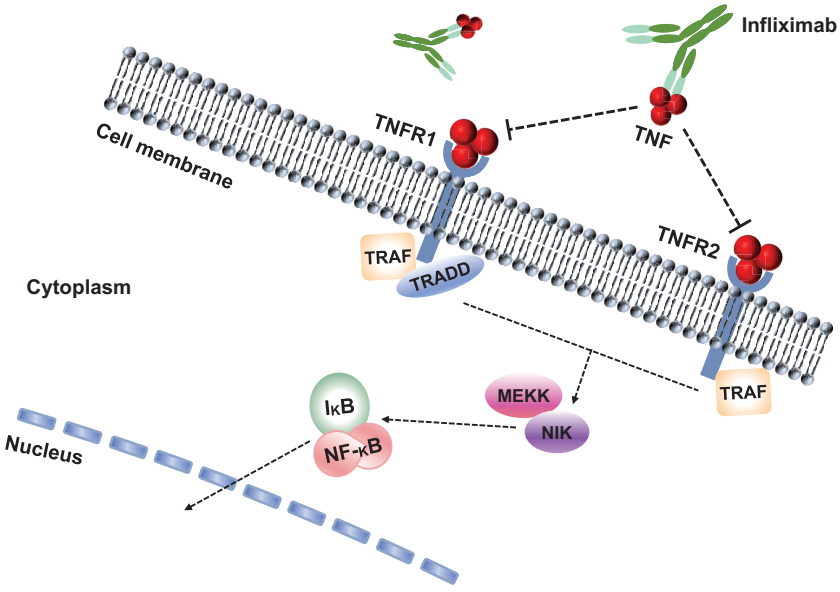
GB242 is our biosimilar product candidate to infliximab, which is sold under the trade name Remicade in China. We are currently conducting a Phase 3 study of GB242 in RA patients in China and expect to file an NDA with the NMPA in the second half of 2020. We also plan to extrapolate GB242 to other approved indications of infliximab, including CD, UC, AS and PsA, subject to NMPA approval.

Mechanism of Action

TNF-α is a potent pathological cytokine involved in inflammatory and immune responses, which can bind to TNF receptor 1 (TNFR1) or TNF receptor 2 (TNFR2). TNF-α occurs in numerous forms, both monomeric and trimeric, as well as soluble and transmembrane. Upon binding, TNF-α triggers the activation of multiple pathways, including the NFkB and MAPK pathways, which leads to the production of numerous inflammatory cytokines and can also lead to TNF-induced apoptotic pathway initiation.

Infliximab is a chimeric mAb that can bind to TNF-α. Similar to infliximab, GB242 is able to bind to TNF-α at low doses. As illustrated by the following graph, TNF-α inhibitors bind to the TNF-α and inhibit its interaction with the TNF receptors, and treatment with TNF-α inhibitors suppresses the body's nature response to TNF-α and ameliorates inflammatory responses and autoimmune disease.

Mechanism of action of infliximab (GB242)



Source: CIC

Market Opportunity and Competition

Infliximab is a medication used to treat a number of autoimmune diseases, including CD, UC, RA, AS and PsA. Infliximab was approved for medical use in the United States in 1998. Infliximab biosimilars have been approved in the European Union, Japan and the United States from 2013 to 2019. Worldwide sales of infliximab, including the originator and biosimilars, were US$6.9 billion in 2019. The China market size of infliximab was RMB0.6 billion in 2019 and is expected to grow to RMB3.2 billion by 2023 and reach RMB7.5 billion by 2030, representing a CAGR of 25.6% from 2019 to 2030, according to the CIC Report. The prevalence of rheumatoid arthritis in China was approximately 5.9 million cases in 2019. It is expected that biosimilars will represent 64.2% market share of infliximab in 2030. Infliximab is the only TNF-α biologic approved for UC in China.

The China market size of TNF-α inhibitors is expected to expand to RMB3.5 billion in 2020 (50% originator and 50% biosimilar) and further to RMB20.8 billion (24% originator and 76% biosimilar) in 2030. Infliximab has the most extensive indications approved in China among TNF-α inhibitors, including CD, UC, RA, AS and PsA. Infliximab was approved by the NMPA in 2006. Infliximab and golimumab are the only TNF-α mAbs approved in China for UC. There are two other infliximab biosimilar drug candidates for which an NDA has been submitted with the NMPA. Remicade was included in the NRDL in 2019. Expiration dates of key patents of Remicade were from August 2014 to February 2019. As a biosimilar to Remicade, our GB242 will also have access to the NRDL, subject to negotiation with the NMPA. Besides our GB242, there is one other infliximab biosimilar drug candidate under a Phase 3 clinical trial in China, namely, Celltrion's CT-913 for active RA.

The following table sets forth comparisons between GB242, its competitive biosimilar candidates in China which are in late stage clinical trials and all approved TNF-α mAb drugs in China. We plan to compete with other biosimilar candidates to Remicade based on our cost-effective CMC capabilities and plans to expand to other emerging markets.

Comparison between GB242, its Late-Stage Competitors in China and All Approved TNF-α mAb Drugs in China

Drug name	Generic name	Sponsors / Collaborators	Phase	Indications	First Posted Date / NMPA Approval Date
Remicade	Infliximab	Janssen	Approved	RA, CD, UC, pediatric CD, pediatric UC, AS, psoriatic Arthritis, Plaque Psoriasis, Ankylosing Spondylitis	2007/9/1
Humira	Adalimumab	Abbvie	Approved	RA, AS, psoriasis, CD, uveitis, pJIA, Plaque Psoriasis	2010/2/26

Drug name	Generic name	Sponsors / Collaborators	Phase	Indications	First Posted Date / NMPA Approval Date
Cimzia	Certolizumab	UCB Pharma	Approved	Moderate to severe RA	2019/7/12
QLETLI	Adalimumab	BioThera	Approved	RA, AS, psoriasis, CD, uveitis	2019/11/06
Anjianning	Adalimumab	Hisun Pharmaceutical	Approved	RA, AS, psoriasis, CD	2019/12/06
Simponi	Golimumab	Janssen Biologics	Approved	Psoriasis, AS, RA, UC	2019/12/17
IBI-303	Adalimumab	Innovent	Approved	RA, AS	2020/9/3
HS626	Infliximab	Zhejiang Hisun Pharmaceutical	NDA filed	Plaque psoriasis	2020/5/11
CMAB008	Infliximab	Mabpharm	NDA filed	Moderate to severe active RA	2019/12/30
GB242	**Infliximab**	**Genor Biopharma**	**Phase 3**	**Moderate to severe RA**	**2017/7/28**
CT-P13	Infliximab	Celltrion	Phase 3	Active RA	2018/10/30

Current Development Status and Data

Step 1: CMC and Analytical Characterization

We have developed, manufactured and characterized a master cell bank and demonstrated its quality and stability in accordance with national guidelines. We have also completed development of a stable and controllable production process for GB242 and demonstrated through comprehensive studies that the stability of drug substance and drug product comply with the requirements of clinical research.

We completed extensive analytical characterization and *in vitro* studies comparing GB242 to the reference product Remicade.

We have confirmed that the amino acid sequence of GB242 is identical to that of the reference product Remicade, which is required for the biosimilar pathway under NMPA regulations. The analytical technologies we used include Edman degradation method, linear trap quadropole (LTQ), reverse phase high performance liquid chromatography (RP-HPLC), capillary electrophoresis-laser-induced fluorescence (CE-LIF), circular dichroism spectrum analysis, intramolecular fluorescence scanning and LTQ-orbitrap.

A cell-based potency assay demonstrated that GB242 and Remicade have similar *in vitro* potency. As shown in the following table, when increasing concentration of GB242 and Remicade are incubated in the reporter assay, both antibodies neutralize the TNF-α with identical potency, as measured by the viability of a TNF-α dependent cell line.

Cell-based potency Assay shows similarity in potency between GB242 and Remicade

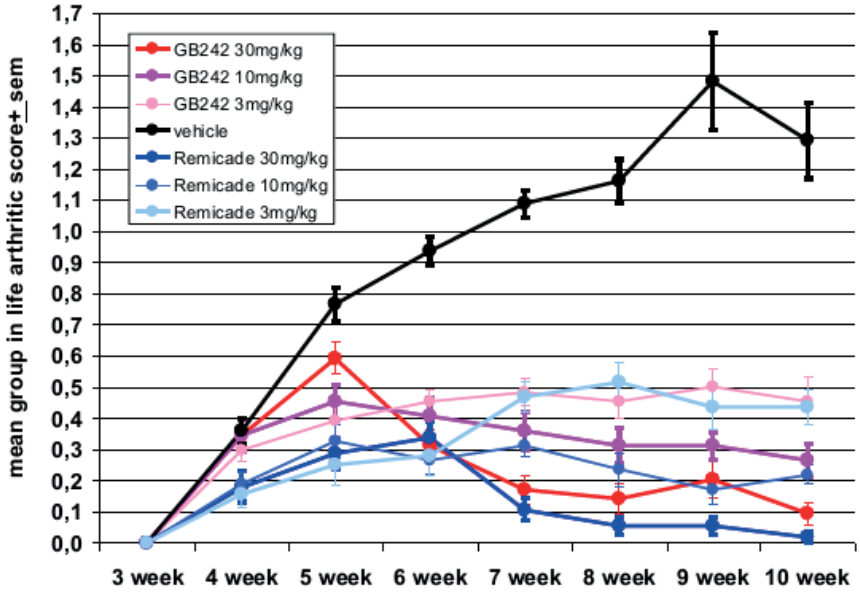
***In vitro* cell activity**	**GB242**	**Remicade®**
IC_{50} for inhibition of TNF-α-induced IL-6 secretion from Hs 97.Fs cells (ng/mL)	18	27.6
Inhibition of TNF-α-induced proliferation of Hs 97.Fs cells	Completely inhibited the function of TNF-α (4.5ng/mL)	Completely inhibited the function of TNF-α (4.5ng/mL)
IC_{50} for inhibition of TNF-α-induced ICAM-1 secretion from EA.hy926 cells (ng/mL)	48.1	47.7
IC_{50} for inhibition of TNF-α-induced E-selectin secretion from HUVEC cells (ng/mL)	42.7	38.8

Step 2: Pre-clinical Studies

We have performed comprehensive pre-clinical studies of GB242 in mice with RA and the results indicate that GB242 has an efficacy, toxicity and PK/PD profile which is similar to that of Remicade.

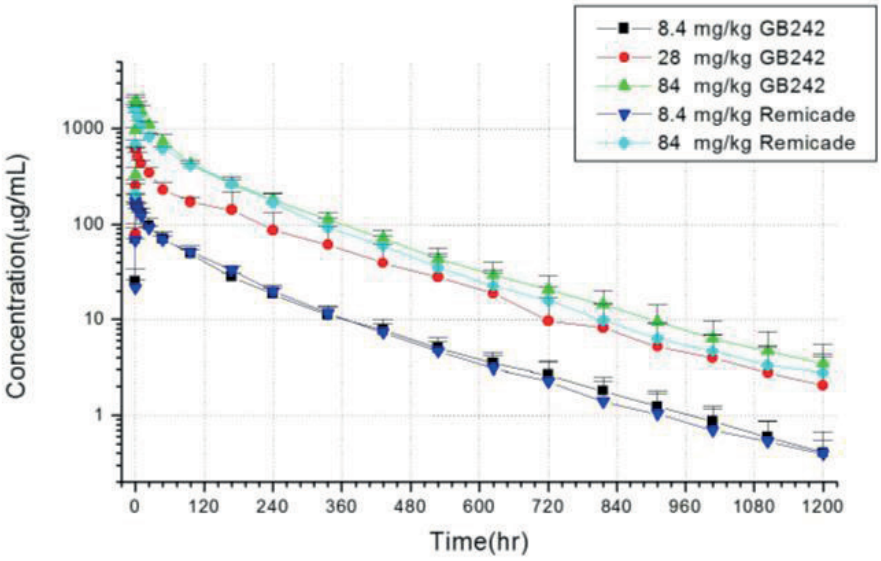
As shown in the following figure, arthritic score curves generated from our studies demonstrated the efficacy similarity between GB242 and Remicade at three different dose levels.

The efficacy of GB242 and infliximab (Remicade) in a human TNF-α dependent mouse model of RA is highly similar



We also performed another study in macaques to characterize and compare the PK profile of GB242 against that of Remicade. As shown in the figure below, there were no statistical differences in drug concentration between GB242 dosed animals and Remicade dosed animals at the same time points throughout the study. These results indicate the similarity in the PK profile between GB242 and Remicade.

GB242 and infliximab (Remicade) have highly similar PK profiles after a single dose in macaques

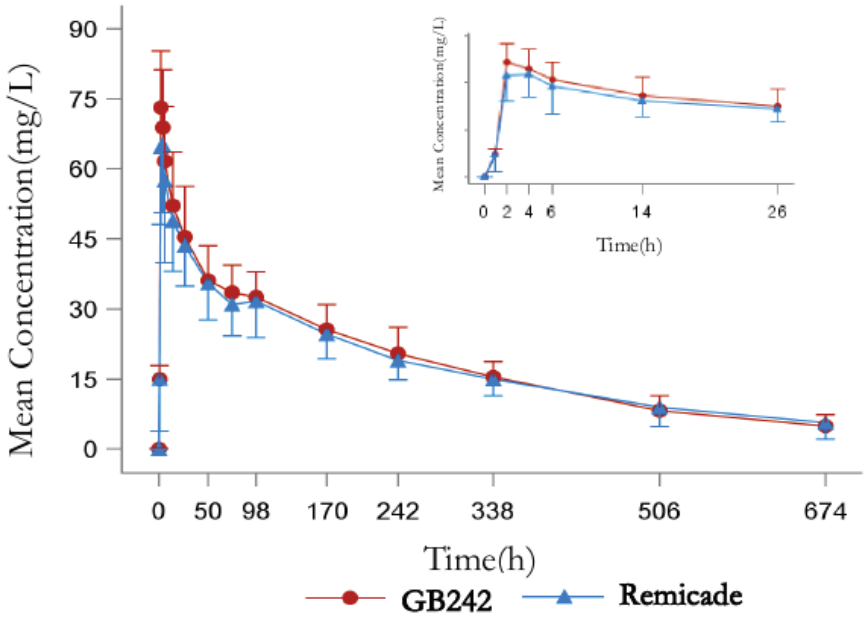


Step 3: Clinical Pharmacology Study

Our IND application for GB242 was approved by the NMPA in January 2015, and we are pursuing the biosimilar regulatory development pathway based on the demonstrated similarity to the reference product in the CMC and pre-clinical studies. Since then, we have completed a single-center, randomized, double blind, in parallel Phase 1 clinical study in China to assess the PK of a single 3 mg/kg dose of GB242 compared to Remicade in 48 healthy volunteers. The start date of this trial is 3 November 2015 and the end date is 3 November 2016. The mean serum concentration-time curves were similar between GB242 and infliximab (Remicade). The 90% CIs for the geometric mean ratios of the GB242 to infliximab (Remicade) for C_{max}, AUC_{0-t}, and AUC_{0-inf} were completely within 80-125% for the PK similarity comparison. The proportion of subjects with treatment-emergent adverse events was similar between the GB242 group and the infliximab (Remicade) group. As shown in the following graph, the PK profile plots demonstrated substantial overlap for the profile of GB242 and infliximab (Remicade) out to 674 hours after a single dose administration in normal volunteers.

We have not seen unexpected adverse events with GB242 in this study. Safety data from these small and short clinical pharmacology studies aimed at establishing bioequivalence are not useful, representative or material. The useful or material safety data set only comes from the large and lengthy clinical confirmation studies at Step 4.

The PK profiles of GB242 and infliximab (Remicade) in normal volunteers are bioequivalent



Step 4: Clinical Confirmation Studies

We are conducting a multi-center, randomized, double-blind, in parallel Phase 3 clinical trial in China to evaluate the safety and efficacy of GB242 compared to Remicade in combination with methotrexate at a dose level of 3 mg/kg administered intravenously in adult patients with RA. We have completed enrollment of 570 patients in this trial. Primary endpoint of the study is equivalent efficacy of ACR20 at week 30.

Efficacy. Efficacy analysis is mainly based on the full analysis set. The 30-week ACR20 ratios in the GB242 and Remicade arms are similar. The 95% CI is within the preset ±15% range, showing that the efficacy of GB242 and Remicade is equivalent.

Efficacy analysis of GB242 in comparison with Remicade

Response rate, n/N(%)		**95% confidence interval of the responserate**
GB242	Remicade	
177/283 (62.54%)	161/283 (56.89%)	(-2.48%, 13.74%)

Note: N = patients who received at least one dose of GB242 or Remicade; n(%) = number and percentage of patients who met certain criteria, the calculation of which is based on the patient number in the respective treatment group.

Safety. We have not seen unexpected adverse events with GB242 in this trial as of the Latest Practicable Date. There is no clinically significant difference in the occurrence of various AEs in the GB242 and Remicade arms. TEAEs occurred in 77.4% of the patients being treated with GB242 (N = 283), while TEAEs occurred in 80.2% of the patients receiving Remicade (N = 283). In the GB242 arm and the Remicade arm, grade ≥3 TEAEs occurred in 8.8% vs. 11.3% of patients, TEAEs leading to the suspension of GB242 or Remicade occurred in 7.8% vs. 9.9% of patients, and TEAEs leading to the discontinuation of GB242 or Remicade occurred in 8.8% vs. 8.8% of patients. TEAEs related to GB242 or Remicade occurred in 54.1% vs. 54.4% of patients, and grade ≥3 TEAEs related to GB242 or Remicade occurred in 3.9% vs. 5.7% of patients. SAEs occurred in 6.7% vs. 8.8% of patients, and SAEs related to GB242 or Remicade occurred in 3.2% vs. 3.9% of patients. Adverse events of special interest (AESIs), which included infectious and infective diseases, GB242 or Remicade-related infusion-related reactions and hypersensitivity reactions, occurred in 44.5% vs. 47.0% of patients.

AEs with an incidence of ≥5% in the GB242 and Remicade arms include upper respiratory tract infection (12.4% vs. 14.5%), latent Tuberculosis (6.4% vs. 6.0%), infusion-related reactions (4.6% vs. 6.4%) and white blood cell count reduction (2.5% vs. 6.7%). No new safety signals related to GB242 were found.

There is no clinically significant difference in terms of immunogenicity between GB242 and Remicade.

Clinical Development Plan

The start date of the Phase 3 trial is 16 November 2017 and the end date is 25 May 2020. If the data from this trial establishes biosimilarity between GB242 and Remicade, we plan to submit an NDA with the NMPA for GB242 in moderate to severe RA and other infliximab's approved indications in the second half of 2020.

Indication expansion to CD, UC, AS and PsA

In addition to RA, we also plan to apply for regulatory approval for the CD, UC, AS and PsA. According to the Biosimiliar Guidelines, if clinical similiarity has been demonstrated in the comparative studies, extrapolation to other indications of the reference product could be considered. Assuming that we achieve favourable biosimiliarity and safety results for GB242 with respect to the RA indication, we expect to be able to expand GB242 indications to CD, UC, AS and PsA without the need of full-length clinical trials. As GB242's reference drug, Remicade, is approved in China for RA, CD, UC, AS and PsA, conducting Phase 3 clinical trials for the RA indication has enabled us to seek NDA approval for all five indications for Remicade.

Licenses, Rights and Obligations

We developed GB242 in-house and own worldwide rights to it.

Material Communications

We have not received objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB242 SUCCESSFULLY.

GB223: A Fully Humanized mAb Drug Candidate for Giant-cell Tumor of Bone (GCTB) and Postmenopausal Osteoporosis (PMO)

GB223 is a novel fully humanized mAb against receptor activator of nuclear factor kappa-B ligand (RANKL) that we are developing for the treatment of giant-cell tumor of bone and postmenopausal osteoporosis.

Mechanism of Action

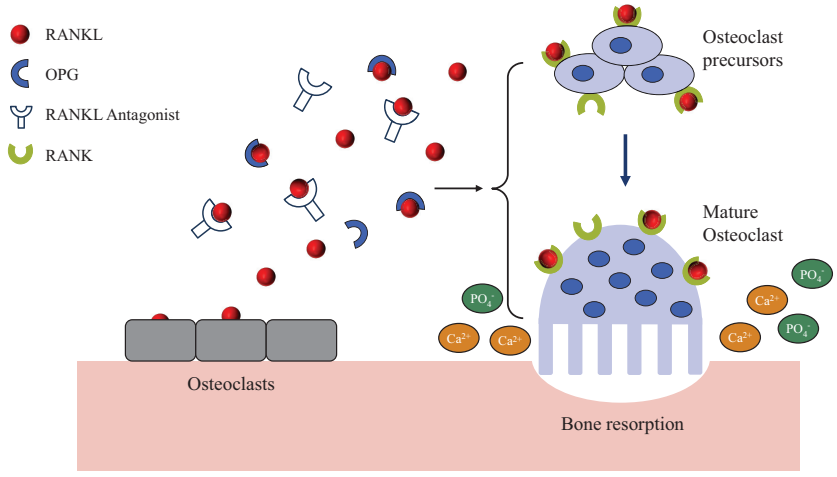
RANK is a cell surface receptor of osteoclasts that binds to its cognate partner RANK ligand (RANKL), a hormone released by osteoblasts that controls the activation and survival of osteoclasts, which remodel bones. Through blocking the activities of RANKL, bone resorption is inhibited, resulting in stronger and denser bones. RANKL is produced by osteoblasts and is one of perhaps many signaling molecules that facilitate cross-talk between the osteoblasts and osteoclasts and help coordinate bone remodeling. Osteoprotegerin (OPG), another protein released by osteoblasts, can also bind to RANKL, acting as a decoy to prevent RANK and RANKL from coming in contact, and hence inhibiting the activation of pre-osteoclasts.

Giant-cell tumor of bone (GCTB) is a rare, aggressive, benign osteolytic tumor, which typically affects younger adults between the ages of 20 to 40. The disease rarely metastasizes, but there appears to be an increased incidence of pulmonary metastases in patients with recurrent disease. GCTBs are characterized by distinctive multinucleated giant cells that need to be distinguished from other distinct sarcomas, including malignant giant-cell sarcoma and giant-cell-rich osteosarcoma. RANKL is heavily involved in the pathogenesis of GCTB and mediates bone destruction.

In addition, a reduction of the circulating estrogen leading to an increase in RANKL-RANK signaling is the leading cause of osteoporosis in postmenopausal women. Osteoporosis is a disease characterized by low bone mass and structural deterioration of bone tissue, leading to bone fragility and an increased susceptibility to fractures. Osteoclasts and osteoblasts (bone forming cells) are two kinds of cells that essentially form the bone multi-cellular unit, coordinating well to regular the balance of bone resorption and bone formation. At menopause the normal bone turnover cycle is impaired by estrogen deficiency. The osteoclastic resorption activity increases while the osteoblastic activity decreases, which leads to a net loss of bone. The enhanced expression of cytokines known to stimulate osteoclastogenesis, such as RANKL, in osteoblasts/stromal cells plays an important role.

As illustrated by the figure below, GB223 inhibits the maturation of osteoclasts by binding to RANKL, which mimics the natural action of OPG. This protects bone from degradation, helps to treat osteoporosis, and may potentially eliminate giant cells.

Mechanism of action of GB223



Source: Curr Osteoporos Rep (2017) 15:283-292

Market Opportunity and Competition

GCTB

Amgen's Xgeva, a RANKL mAb, is currently the only FDA-approved antibody drug and the undoubted first-line treatment option for patients whose GCTB cannot be surgically removed or for when surgery is likely to result in severe morbidity, such as loss of limb or joint removal. GCTB often occurs in young adults, especially among those between 20 and 40 years old. Surgery is the major treatment for grade I-III GCTB. The recurrent rate of grade I-II GCTB is 12-65%.

PMO

According to the results of the first Chinese osteoporosis epidemiological survey disclosed by National Health Commission, osteoporosis has become a significant health problem for middle and old aged people in China, which is especially prevalent among middle and old aged women. Due to the relatively serious aging trend, the CAGR of osteoporosis patients in China is higher than the global average in the past five years. The prevalence of osteoporosis in China grew from 83.4 million in 2014 to 101.0 million in 2019, representing a CAGR of 3.9%.

Amgen's Prolia was approved by the FDA in 2010 for PMO. Prolia had global sales of US$1,030 million in 2014, which grew to US$2,672 million in 2019, according to the CIC Report. Recent study shows that about 30% of the osteoporosis patients are available for RANKL biologic therapies. Amgen's Prolia was approved by the NMPA in June 2020 for PMO. There are several drug candidates under Phase 3 clinical trials, including Qilu Pharma's QL1206, and Luye Pharma's LY06006. The first RANKL biologic, namely, Xgeva, was approved under overseas fast-track scheme without local clinical trial data by the NMPA in May 2019 for GCTB. The listing price of Xgeva is RMB5,298/100mg, and it is not included in the NRDL yet. Expiration dates of key patents of Xgeva are from June 2022 to November 2023.

Competition in the therapeutic markets to which GB223 belongs is intense given the abundance of existing competing drugs and drug candidates that continue to increase competition in the market. We plan to compete with other drug candidates based on our novel molecule and potentially better efficacy. The following table sets forth comparisons between GB223 and its competitive RANKL drug candidates in China which are approved to market or in clinical trials as of the Latest Practicable Date:

Comparison between GB223 and its clinical-stage competitors in China

Drug name	Sponsors/ Collaborators	Drug Type	Phase	Indications	First Posted Date/ Approval Date
Bone Metastases from Tumors and GCTB					
QL1206	Qilu Pharma Group	Biosimilar	Phase 3	Bone metastases from solid tumors	2019/10/30
MW031	Jiangsu T-mab	Novel	Phase 3	Bone metastases from breast cancer	2020/3/18
JMT103	JMT Bio	Biosimilar	Phase 1	Bone metastases from solid tumors and GCTB	2018/3/27
			Phase 1b/2	Unresectable or surgery is not feasible GCTB	2020/2/20
HS629	Zhejiang Hisun pharmaceutical	Biosimilar	Phase 1	The prevention of skeletal-related events in patients with bone metastases from solid tumors	2018/4/12

Drug name	Sponsors/ Collaborators	Drug Type	Phase	Indications	First Posted Date/ Approval Date
LZM004	Livzon Pharmaceutical Group	Biosimilar	Phase 1	Bone metastases from solid tumors and GCTB	2018/8/15
GB223	**Genor Biopharma**	**Novel**	**Phase 1**	**The prevention of skeletal-related events in patients with bone metastases from solid tumors**	**2019/1/17**
LY01011	Luye Pharma Group	Biosimilar	Phase 1	The prevention of skeletal-related events in patients with bone metastases from solid tumors	2019/4/10 2019/12/2
HL05	Hualan Bio	Biosimilar	Phase 1	The prevention of skeletal-related events in patients with bone metastases from solid tumors	2020/2/26
PMO					
QL1206	Qilu Pharmaceutical	Biosimilar	Phase 3	PMO at high risk for fracture	2019/6/5
LY06006	Luye Pharma	Biosimilar	Phase 3	PMO at high risk for fracture	2019/6/14
MW031	Jiangsu T-mab	Novel	Phase 3	PMO at high risk for fracture	2019/11/4
KN012	Alphamab	Biosimilar	Phase 1	PMO	2018/7/27
JMT103	JMT Bio	Biosimilar	Phase 1	Osteoporosis	2018/7/30
GB223	**Genor Biopharma**	**Novel**	**Phase 1**	**PMO**	**2018/11/14**
SHR-1222	Hengrui Medicine	Biosimilar	Phase 1	Osteoporosis	2019/2/19
CMAB807	Mabpharm	Biosimilar	Phase 1	PMO	2019/4/24
QL1206	Qilu Pharmaceutical	Biosimilar	Phase 1	PMO at high risk for fracture	2019/11/18

Current Treatments and Limitations

GCTB

Historically, the only treatment option for patients with GCTB has been surgery. However, patients who undergo surgery often experience high rate of disease recurrence or devastating consequences, such as amputation. Further, about 25 to 30 percent of patients with GCTB have to undergo joint replacements.

PMO

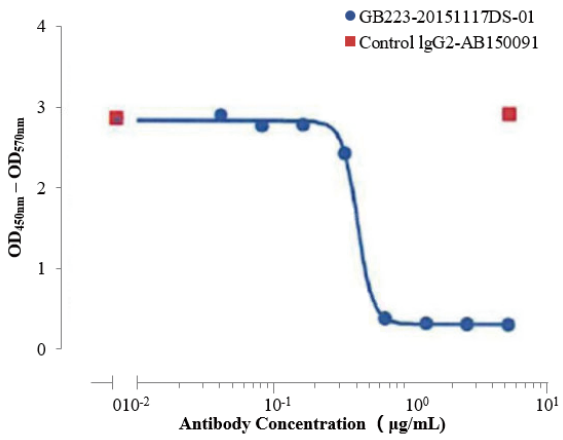
The balance between bone resorption and bone deposition is determined by the activities of two principle cell types, osteoclasts and osteoblasts. Therefore, the bone rebuilding cycle needs to start from the two aspects of inhibiting osteoclasts or promoting osteoblasts. The loss of gonadotropin with aging reduces the conversion of bone marrow stromal stem cells to adipocytes, and decreases the differentiation of osteoblast precursor cells. Increased activity of osteoclasts results in osteocytes death, and at the same time, enhances the bone resorption. Bisphosphonates are the most widely used drugs (about 70%) for treating osteoporosis by preventing bone resorption, but bisphosphonates may impose a high risk of atypical femur fractures over five years. Calcitonin is used in about 20% of patients and functions by preventing bone resorption, but calcitonin may lead to an increased risk of malignancy. Biologics are used in about 7% of patients, including Amgen's Prolia, a RANKL inhibitor, which was approved by the NMPA in June 2020 and parathyroid hormone and PTH-related analogue. Parathyroid hormone and PTH-related analogue may increase the risk of osteosarcoma. Selective estrogen receptor modulators are only available for female patients and function by preventing bone resorption.

Summary of Pre-clinical Data

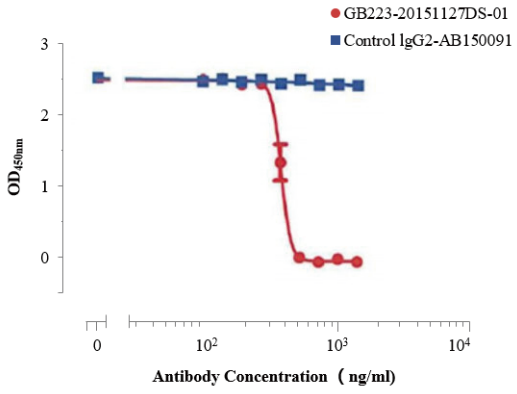
Our pre-clinical studies demonstrated that GB223 can specifically bind to soluble RANKL protein in a concentration-dependent and saturable fashion, and GB223's binding curve is similar to that of Prolia (EC_{50} of 2.462 ng/mL), with slightly stronger binding affinity than Prolia. Both GB223 and Prolia can compete with biotin-labeled GB223 for binding to human RANKL protein. GB223 and Prolia have similar competitive binding activity, suggesting that GB223 and Prolia share very similar human RANKL binding epitope.

As illustrated in the charts below, *in vitro* studies have demonstrated GB223's ability to inhibit the binding between RANK-Fc and RANKL and the activities of RANKL-induced TRAP in the RAW264.7 cell model.

GB223 inhibits RANK/RANKL binding

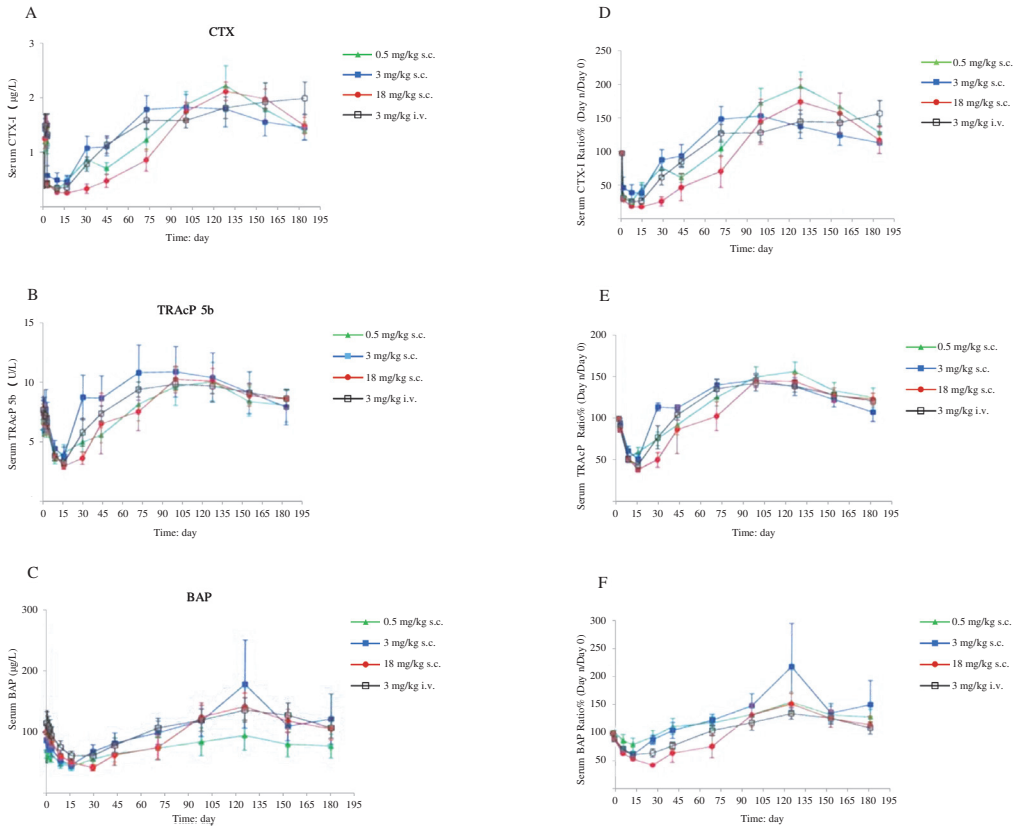


GB223 inhibits the activities of RANKL-induced TRAP in RAW264.7 cells



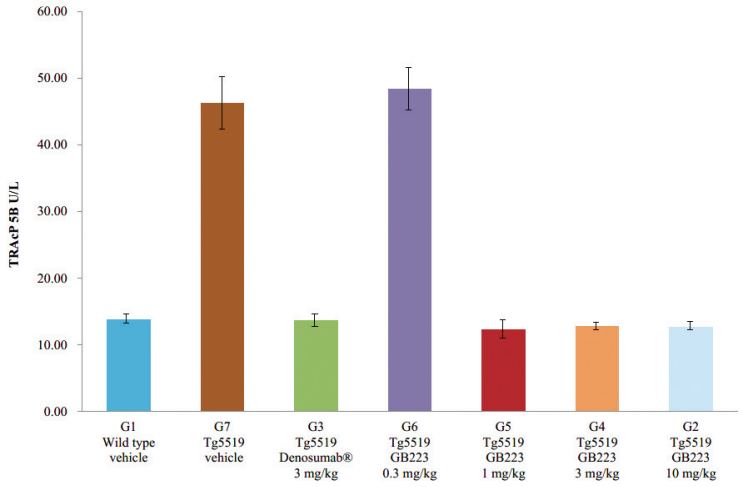
We have also conducted extensive pre-clinical studies in cynomolgus monkeys to evaluate GB223's inhibitory activities on serum levels of bone metabolism biomarkers, including CTX, TRAcP 5b and BAP. As illustrated in the charts below, single doses of GB223 at 0.5 mg/kg, 3 mg/kg and 18 mg/kg dose levels caused serum levels of CTX, TRAcP 5b and BAP to decrease. These results indirectly suggest that GB223 is able to inhibit the activities of osteoclasts and reduce bone absorption.

Single doses of GB223 reduced serum levels of CTX, TRAcP 5b and BAP in cynomolgus monkeys



We also conducted studies in Tg5519 transgenic mice, an *in vivo* osteoporosis model with elevated TRAcP 5b levels, to evaluate GB223's inhibitory activities on serum levels of TRAcP 5b. As illustrated in the charts below, GB223 administered at 1 mg/kg q1w dose level for seven weeks was able to completely restore the elevated serum TRAcP 5b levels back to the levels in wild type mice, and such inhibitory effects of GB223 on TRAcP 5b are similar to those of Prolia.

GB223 reduced serum levels of TRAcP 5b in Tg5519 transgenic mice



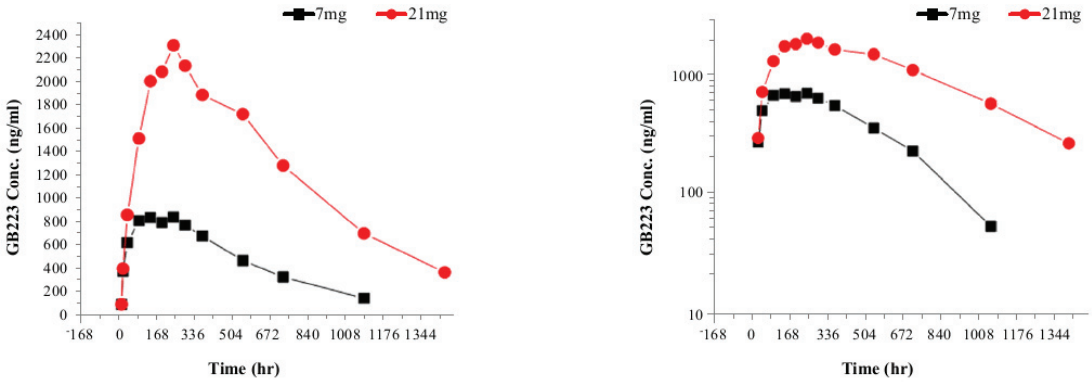
Moreover, in Tg5519 transgenic mice, after seven repeated administrations, GB223 at 1 mg/kg dose level was able to significantly improve the volume and thickness of cortical bone volume and the bone volume/tissues volume ratio (BV/TV ratio). Maximum efficacy was reached at 3 mg/kg dose level. At the same doses, GV223 demonstrated better efficacy than Prolia in terms of trabeculae BV/TV ratio and bone marrow panniculitis results.

Summary of Clinical Data

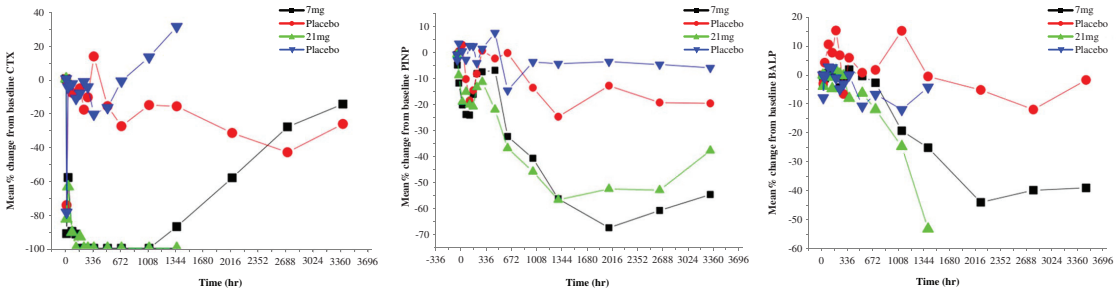
Our IND application was approved by the NMPA in December 2017 in accordance with novel drug development pathway. We are currently conducting the dose escalation stage of a randomized, double-blind, placebo-controlled Phase 1 study to evaluate the safety, tolerability and PK profiles of single dose of GB223 in 44 healthy subjects. As of 27 May 2020, we had enrolled 38 patients. These patients were divided into five cohorts, with two patients in each cohort receiving placebo and the remaining patients in each cohort receiving single-dose subcutaneous injection of GB223 at 7 mg, 21 mg, 63 mg, 119 mg and 140 mg dose levels, respectively. The next dose group may be initiated only after the safety and tolerability are confirmed within 4 or 8 weeks after the previous dose is given. Primary endpoints of this study are safety and PK/PD parameters, and secondary endpoint is ADA.

As illustrated in the charts below, GB223 at 7 mg and 21 mg dose levels demonstrated nonlinear PK and dose- and concentration-dependent dispositions and rapidly and continuously reduced the level of CTX1, while the inhibition of BALP and PINP was slower and less extensive.

PK profile of GB223 in healthy subjects



PD profile of GB223 in healthy subjects



Clinical Development Plan

We expect to obtain preliminary data from the Phase 1 clinical trial by the end of 2020 and plan to file with the NMPA to conduct Phase 2 clinical trials of GB223 in PMO and GCTB afterwards. As of 27 May 2020, we had enrolled 38 patients for this study.

Licenses, Rights and Obligations

We are co-developing GB223 with Abcom Biopharmaceutical Inc. (北京安保康生物醫藥科技有限公司), or Abcom, for development in China as described under "– Collaboration Arrangements – Contract Research Agreement with Abcom" below.

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Our Other Clinical Stage Drug Candidate

GB241: A CD20 mAb Biosimilar Candidate to Rituximab for B-cell Lymphoma

GB241 is a CD20 mAb biosimilar candidate to rituximab. We are collaborating with Yoko Pharmaceutical in the development and commercialization of GB241 in China as described under "– Collaboration Agreement – Collaboration Agreement with Yoko Pharmaceutical" below. Yoko Pharmaceutical is responsible for conducting all animal PK, PD and toxicology studies for IND applications and is currently conducting a Phase 3 clinical trial of GB241 in B-cell lymphoma in China. Yoko Pharmaceutical exclusively owns all marketing and commercialization rights to GB241 in China and will be obligated to pay us royalties on the annual net sales of this drug.

Other than GB223, there are two Phase 1 drug candidates in our pipeline: (i) GB222, which is our biosimilar product candidate to Avastin; and (ii) GB224, which is a fully humanized mAb against IL-6 for RA.

GB222: A Biosimilar Product Candidate to Bevacizumab for Oncology

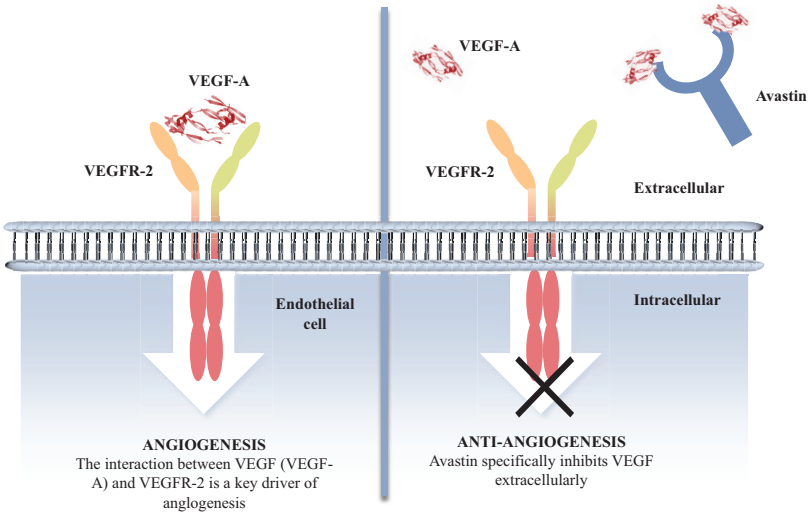
GB222 is our biosimilar product candidate to bevacizumab, which is sold under the trade name Avastin in China. We are currently developing GB222 for glioblastomas (GBM), with plans to extrapolate other approved indications of bevacizumab including mCRC and NSCLC.

Mechanism of Action

Vascular endothelial growth factor (VEGF) is a potent angiogenic factor and was first described as an essential growth factor for vascular endothelial cells. VEGF is up-regulated in many tumors and its contribution to tumor angiogenesis and tumor growth is well defined. In addition to endothelial cells, VEGF and VEGF receptors are expressed on numerous non-endothelial cells including tumor cells. The VEGF family includes, among others, VEGF-A, VEGF-B, VEGF-C, and VEGF-D. Given its major role in tumor angiogenesis, various anti-VEGF strategies have been designed to inhibit tumor growth and angiogenesis.

Bevacizumab is a recombinant fully-humanized mAb that decreases angiogenesis by inhibiting VEGF-A. Similar to bevacizumab, GB222 specifically binds to VEGF-A. As illustrated by the following graph, anti-VEGF mAbs such as bevacizumab and GB222 can bind with VEGF, including VEGF-A, and thus block the angiogenesis pathway and depress the growth of solid tumors.

Mechanism of action of bevacizumab



Source: Avastin Prescribing Information. Genentech, Inc. 2019.

Market Opportunity and Competition

CRC is one of the most common cancer in China, with about 433.8 thousand new incidence in 2019. The incidence number is expected to increase to about 570.8 thousand in 2030, according to the CIC Report. 30% of CRC patients were under advanced/metastatic stage when first diagnosed. The first line treatment for mCRC is bevacizumab combo with chemotherapy or cetuximab combo with chemotherapy. Both bevacizumab and cetuximab were approved in China. Besides mCRC, bevacizumab was also approved for the treatment of r/r NSCLC. Glioblastoma (GBM) is another potential market for bevacizumab, though there is no bevacizumab currently under late stage clinical development for GBM in China, according to the CIC Report.

CRC is the cancer developed from the colon or rectum. In 2019, the incidence of CRC in China reached near 434 thousand cases, representing a CAGR of 3.2% from that in 2014 at 370 thousand cases. It is expected that this number will reach over 570 thousand in 2030. The treatment options for mCRC are limited to combination therapies of bevacizumab with chemotherapy or cetuximab with chemotherapy. Although these therapies have been approved as first-line treatment for mCRC patients, for patients with drug resistance, second-line treatment is limited, according to the NCCN guidelines.

Avastin is the best-selling drug among all anti-VEGF monoclonal antibodies. According to the CIC Report, worldwide sales of Avastin were CHF7,073 million (US$7.3 billion) in 2019. The sales of Avastin in China were about RMB2.8 billion in 2019. Expiration dates of key patents of Avastin are from August 2017 to March 2034.

Bevacizumab has been approved for advanced r/r NSCLC and mCRC in China and has been included in the NRDL. The National Health Commission (NHC) has listed bevacizumab as one of the combined radiotherapy drugs for r/r GBM, but it has not been approved by the NMPA for GBM. According to the CIC Report, the China sales of bevacizumab were RMB1.0 billion in 2014 and grew to RMB5.9 billion in 2019, representing a CAGR of 42.6%. The China sales of bevacizumab are expected to further grow to RMB13.7 billion in 2030, representing a CAGR of 15.5% from 2019 to 2030. Qilu Pharmaceutical's Ankeda was approved by the NMPA in 9 December 2019, which is China's first bevacizumab biosimilar. As of the Latest Practicable Date, there are 14 other bevacizumab biosimilar drug candidates in Phase 3 clinical trials in China.

Current Development Status and Data

Step 1: CMC and Analytical Characterization

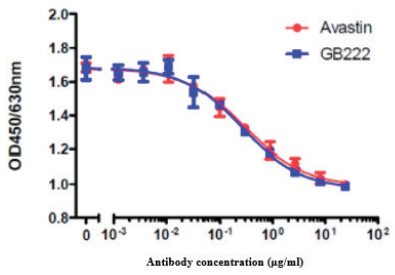
We have developed, manufactured and characterized a master cell bank and demonstrated its quality and stability in accordance with the ICH guidelines. We have also completed development of a stable and controllable production process for GB222 and demonstrated through comprehensive studies that the stability of drug substance and drug product comply with the requirements of clinical research.

We completed extensive analytical characterization and *in vitro* studies comparing GB222 to the reference product Avastin.

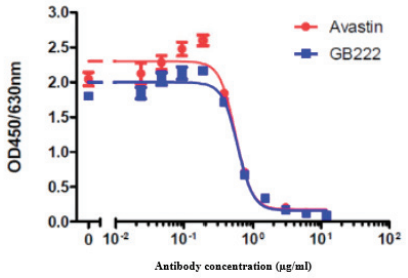
We have confirmed that the amino acid sequence of GB222 is identical to that of the reference product Avastin, which is required for the biosimilar pathway under NMPA regulations. The analytical technologies we used include ultra performance size-exclusion chromatography mass spectrometry (SEC-UPLC-MS), peptide mapping mass spectrometry, Ellman's reagent assay, hydrophilic interaction liquid chromatography (HILIC) and reverse phase high performance liquid chromatography (RP-HPLC).

A cell-based potency assay demonstrated that GB222 and Avastin have similar *in vitro* potency in blocking VEGF binding to its receptors. As shown in the following figures, when increasing concentration of GB222 and Avastin are incubated in the reporter assay, both antibodies block VEGF binding to VEGFR-1 and VEGFR-2 with identical potency.

Similar potency between GB222 and Avastin in blocking VEGF binding to its receptors



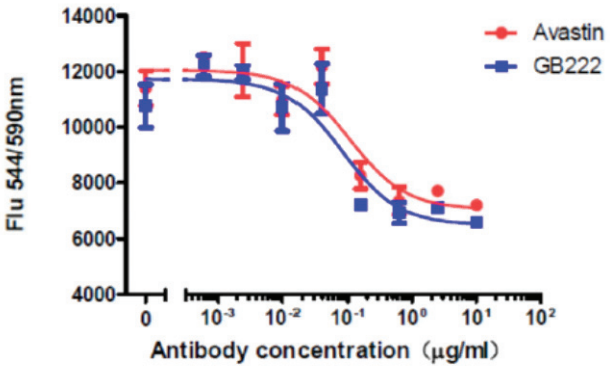
Blocking VEGF binding to its receptor VEGFR-1 by GB222 and Avastin



Blocking VEGF binding to its receptor VEGFR-2 by GB222 and Avastin

Another cell-based potency assay demonstrated that GB222 and Avastin have similar *in vitro* potency in inhibiting the VEGF-mediated growth of HUVEC cells. As shown in the following figure, when increasing concentration of GB222 and Avastin are incubated in the reporter assay, both antibodies inhibit the growth of HUVEC cells with highly similar potency.

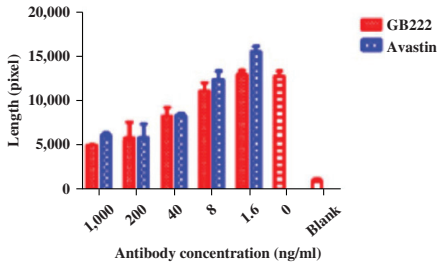
Similar potency between GB222 and Avastin in inhibiting HUVEC cell growth



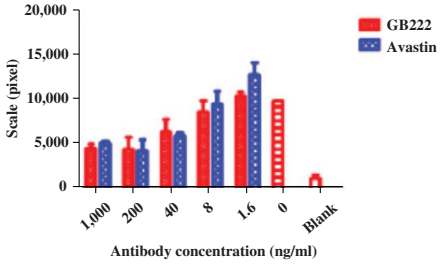
Inhibiting effect on VEGF-mediated formation of cell growth by GB222 and Avastin

In addition, as shown in the figures below, *in vitro* studies demonstrated that GB222 and Avastin have similar potency in reducing the length, volume and number of nodes of the tubular structures formed in cell culture of VEGF-mediated HUVEC cells and Hs 97.Fs cells.

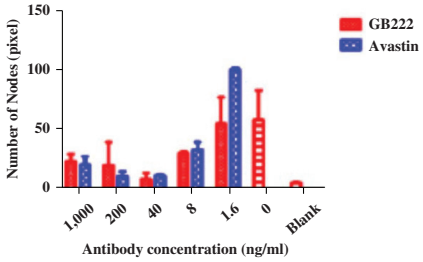
Similar potency between GB222 and Avastin in inhibiting VEGF-mediated formation of tubular structures



Inhibiting effect on length of VEGF-mediated formation of tubular structures by GB222 and Avastin



Inhibiting effect on scale of VEGF-mediated formation of tubular structures by GB222 and Avastin



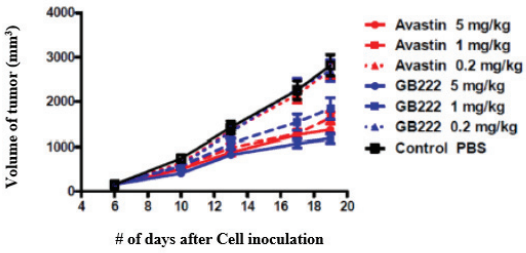
Inhibiting effect on number of nodes of VEGF-mediated formation of tubular structures by GB222 and Avastin

Step 2: Pre-clinical Studies

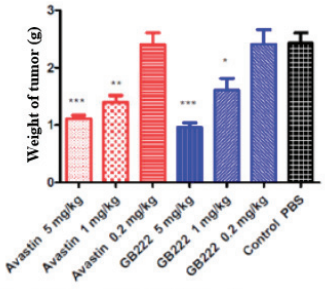
We have performed comprehensive pre-clinical studies of GB222 and the results indicate that GB222 has an efficacy, toxicity and PK/PD profile which is similar to that of Avastin.

The figure below demonstrates that, at 0.2 mg/kg, 1 mg/kg and 5 mg/kg dose levels, there were no statistical differences in the relative tumor volume between GB222 dosed LS 174T nude xenograft and Avastin dosed LS 174T nude xenograft as well as between GB222 dosed A-672 nude xenograft and Avastin dosed A-672 nude xenograft. These results indicate similarity in tumor-suppressive efficacy between GB222 and Avastin.

The anti-tumor efficacy of GB222 and bevacizumab are similar in colorectal cancer xenograft

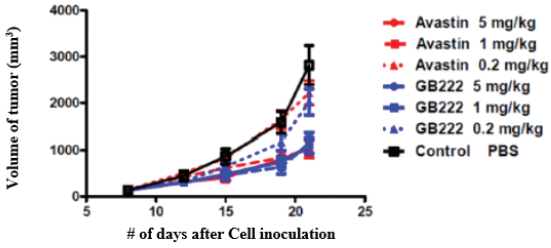


Growth curve of inhibited LS 174T nude mouse xenograft by GB222 and Avastin

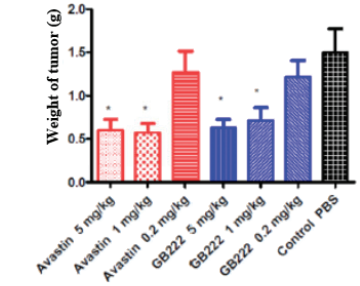


Inhibiting effect on weight of LS 174T nude mouse xenograft by GB222 and Avastin

The anti-tumor efficacy of GB222 and bevacizumab are similar in rhabdomyosarcoma xenograft



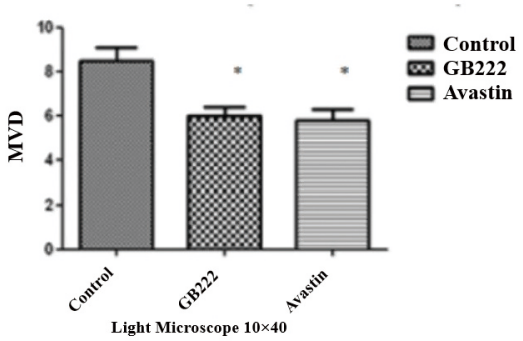
Growth curve of inhibited A-673 nude mouse xenograft by GB222 and Avastin



Inhibiting effect on weight of A-673 nude mouse xenograft by GB222 and Avastin

In addition, the figure below demonstrates that there were no statistical differences in the MVD between GB222 dosed LS 174T nude xenograft and Avastin dosed LS 174T nude xenograft. These results indicate similar efficacy between GB222 and Avastin in reducing tumor microvessel density.

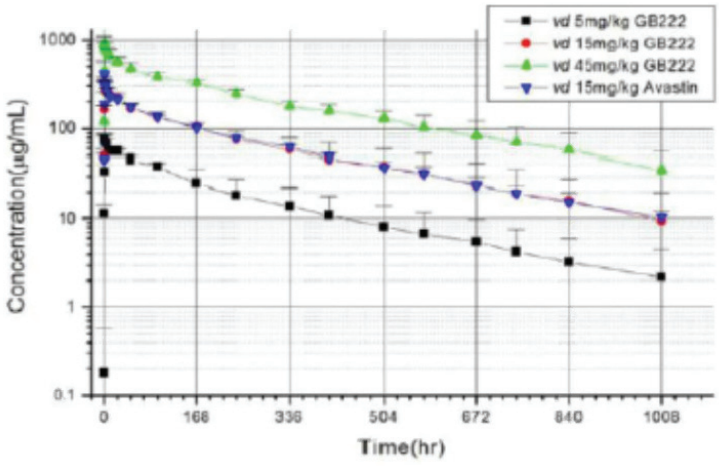
The tumor microvessel density reducing efficacy of GB222 and bevacizumab are similar in colorectal cancer xenograft



Microvessel density detected by anti-CD105 antibody in the LS 174T xenograft model

The PK profiles of GB222 and Avastin are highly similar. As shown in the figure below, there were no statistical differences in drug concentration between GB222 dosed animals and Avastin dosed animals at the same time points throughout the study. These results indicate the similarity in the PK profile between GB222 and Avastin.

The PK profiles of GB222 and Avastin in rhesus monkeys are highly similar



Step 3: Clinical Pharmacology Study

Our IND application for GB222 was approved by the NMPA in September 2016, and we are pursuing the biosimilar regulatory development pathway based on the demonstrated similarity to the reference product in the CMC and pre-clinical studies. We have completed a randomized, double-blind, parallel-controlled Phase 1 study to assess the PK, safety, tolerance and immunogenicity of a single 1 mg/kg dose of GB222 compared to bevacizumab in 84 healthy volunteers. Primary endpoint was $AUC_{0\text{-}t}$, and secondary endpoints were C_{max}, $AUC_{0\text{-}inf}$, and immunogenicity. For each of $AUC_{0\text{-}inf}$ and $AUC_{0\text{-}t}$, the 90% CI for the ratio of GB222 to Avastin were fully contained within 80% to 125%, confirming the bioequivalence between GB222 and Avastin, so we concluded that the PK profile of GB222 was similar to that of Avastin. GB222 was also well tolerated in healthy male volunteers.

Safety data from these small and short clinical pharmacology studies aimed at establishing bioequivalence are not useful, representative or material. Our next step is to conduct large and lengthy clinical confirmation studies, which will provide useful or material efficacy and safety data set.

Adverse reactions to the reference drug

According to the prescribing information of Avastin, the most common adverse reactions observed in patients receiving Avastin as a single agent or in combination with chemotherapy at a rate > 10%, are epistaxis, headache, hypertension, rhinitis, proteinuria, taste alteration, dry skin, rectal hemorrhage, lacrimation disorder, back pain and exfoliative dermatitis. Across clinical studies, Avastin was discontinued in 8% to 22% of patients because of adverse reactions.

The safety of Avastin was evaluated as first-line treatment in 422 patients with unresectable NSCLC who received at least one dose of Avastin in an active-controlled, open-label, multicenter trial. Only Grade 3-5 non hematologic and Grade 4-5 hematologic adverse reactions were collected. Grade 3-5 non hematologic and Grade 4-5 hematologic adverse reactions occurring at a higher incidence (~ 2%) in patients receiving Avastin with paclitaxel and carboplatin compared with patients receiving chemotherapy alone were neutropenia (27% vs. 17%), fatigue (16% vs. 13%), hypertension (8% vs. 0.7%), infection without neutropenia (7% vs. 3%), venous thromboembolism (5% vs. 3%), febrile neutropenia (5% vs. 2%), pneumonitis/pulmonary infiltrates (5% vs. 3%), infection with Grade 3 or 4 neutropenia (4% vs. 2%), hyponatremia (4% vs. 1%), headache (3% vs. 1%) and proteinuria (3% vs. 0%).

Clinical Development Plan

If data from the Phase 1 clinical trial established preliminary biosimilarity between GB222 and Avastin, we plan to submit an IND filing with the NMPA for initiating a Phase 2 clinical confirmation trial by 2021. We also plan to initiate a registrational trial of GB222 in mCRC.

Licenses, Rights and Obligations

We developed GB222 in-house and own worldwide rights to it.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB222 SUCCESSFULLY.

GB224: A Fully Humanized mAb Against IL-6 for RA

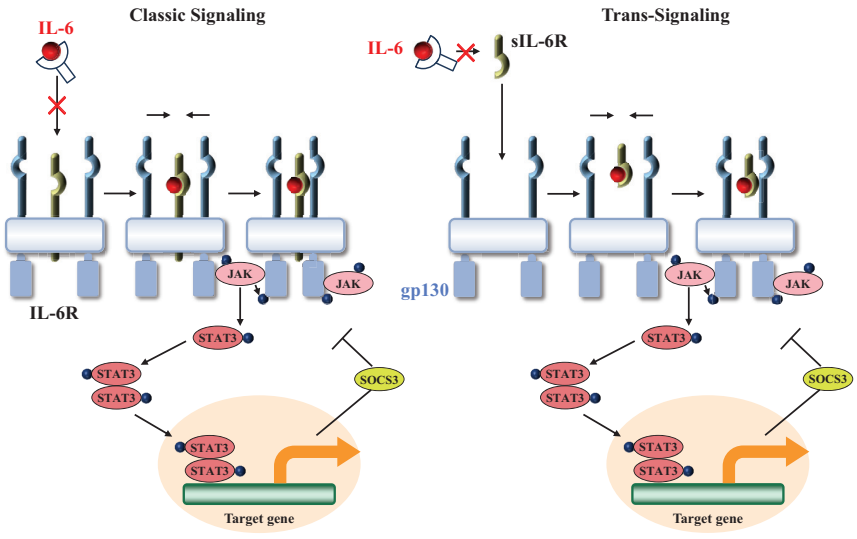
GB224 is a novel, fully humanized, highly potent mAb highly selective to IL-6 that we are developing for RA. We are conducting a dose escalation Phase 1 clinical study of GB224 in healthy adult subjects and another Phase 1 clinical study in RA patients.

Mechanism of Action

The widespread release of cytokines plays a crucial role in weighing the balance toward a proinflammatory condition, thereby losing the physiological homeostasis. IL-6 is a soluble mediator with pleiotropic effects on inflammation, immune response, and hematopoiesis. As illustrated in the figure below, promptly and transiently produced in response to infections and tissue injuries, IL-6 induces the synthesis of acute phase proteins and inhibits the production of albumin. IL-6 also plays an important role in acquired immune response through the stimulation of antibody production and effector T-cell development. Serum levels of IL-6 have been found to correlate with disease activity. Besides, IL-6 can promote the differentiation or proliferation of several types of non-immune cells.

IL-6 inhibitors, such as GB224, bind to IL-6 and inhibit its interaction with the IL-6 receptors. Inhibiting the entire receptor complex prevents IL-6 signal transduction to inflammatory mediators that summon B- and T- cells. Clinical trials of tocilizumab, a humanized IL-6 receptor antibody have verified its efficacy and tolerable safety for patients with RA, Castleman's disease and systemic juvenile idiopathic arthritis.

GB224 blocks both classic and trans-signaling by binding to human IL-6



Source: Journal of Autoimmunity, 2010, 34(1): 29-37.

Market Opportunity and Competition

Current therapies for RA in China include traditional Chinese medicine, corticosteroids, and DMARDs, including immunosuppressants and targeted therapies such as TNF-α inhibitors. Tocilizumab is currently the only IL-6 biologic approved in China targeting autoimmune disease.

Competition in the RA market to which GB224 belongs is fierce given the abundance of existing competing drugs and drug candidates that continue to increase competition in the market, whereas competition in the UC and CD markets is less fierce. The following table sets forth comparisons between GB224 and its competitive IL-6 drug candidates in China which are approved to market or in clinical trials:

Comparison between GB224 and its Approved or Clinical-Stage Competitors in China

Drug name	Sponsors/ Collaborators	Phase	Indications	First Posted Date/NMPA Approval Date
Actemra (tocilizumab)	Roche	Approved	Systemic juvenile idiopathic arthritis	2017/9/25
		Phase 3	RA	2017/3/13
BAT1806	Bio-Thera Solutions	Phase 3	RA	2019/2/11
CMAB806	Mabpharm	Phase 3	Moderate to severe RA	2019/4/19

Drug name	Sponsors/ Collaborators	Phase	Indications	First Posted Date/NMPA Approval Date
LZM008	Livzon Mabpharm	Phase 3	RA	2019/6/27
Tocilizumab biosimilar	Hisun Pharma	Phase 3	RA	2020/7/10
GB224	**Genor BioPharma**	**Phase 1**	**Moderate to severe RA**	**2018/8/9**
WBP216	Wuxi AppTec/MedImmune	Phase 1	Moderate to severe RA	2017/4/25
CMAB806	Mabpharm	Phase 1	RA, systemic juvenile idiopathic arthritis	2018/8/29
QX003S	Jiangsu Quan Xin Biomedical	Phase 1	Moderate to severe RA	2019/1/15
IA001	Shanghai Destiny Biotech	Phase 1	RA, systemic juvenile idiopathic arthritis	2020/1/14

Note: Actemra's price is RMB1,925/200mg, and Actemra is not listed in the NRDL yet. Expiration dates of key patents of Actemra were from April 2012 to March 2016.

Current Treatments and Limitations

There is currently no cure for RA. However, clinical studies indicate that remission of symptoms is more likely when treatment begins early with medications. The types of medications recommended by physicians depend on the severity and duration of the patient's symptoms. Current symptom relieving therapies mainly include: (i) nonsteroidal anti-inflammatory drugs (NSAIDs) which relieve pain and reduce inflammation, including ibuprofen (Advil, Motrin IB) and naproxen sodium (Aleve); (ii) steroids, such as prednisone, which are often prescribed to relieve acute symptoms including inflammation and pain and to slow joint damage; (iii) DMARDs, which slow the progression of RA and save the joints and other tissues from permanent damage, including methotrexate (Trexall, Otrexup, others), leflunomide (Arava), hydroxychloroquine (Plaquenil) and sulfasalazine (Azulfidine); and (iv) biologic agents, which constitute a new class of DMARDs and target parts of the immune system that trigger inflammation that causes joint and tissue damage, including abatacept (Orencia), adalimumab (Humira), anakinra (Kineret), baricitinib (Olumiant), certolizumab (Cimzia), etanercept (Enbrel), golimumab (Simponi), infliximab (Remicade), rituximab (Rituxan), sarilumab (Kevzara), tocilizumab (Actemra) and tofacitinib (Xeljanz). Biologic DMARDs are usually most effective when paired with a nonbiologic DMARD, such as methotrexate.

However, current therapies cause various side effects in RA patients. For example, NSAIDs may cause severe digestive tract problems, stomach irritation, heart problems, and liver and kidney damage. Steroids may cause thinning of bones, weight gain, high blood pressure, and diabetes. DMARDs may cause liver damage, bone marrow suppression and severe lung infections. Biologic agents may increase the risk of infections due to their immunosuppressing effects and may cause severe side effects such as neutropenia. Higher doses of tofacitinib (Xeljanz) have also been found to increase the risk of blood clots in the lungs in RA patients.

Clinical Development Plan

As of 27 May 2020, we had enrolled 52 subjects for the Phase 1 clinical trial in healthy subjects and expect to obtain preliminary data from this trial by the second half of 2020. As of the same date, we had enrolled one patient for the Phase 1 clinical trial in RA patients, and we expect to enroll a total of 24 patients for this trial.

Licenses, Rights and Obligations

We co-developed GB224 in China through our collaboration with the licensor, pursuant to the license and collaboration agreement (the "GB224 License"), dated 18 April 2013, between the licensor and us. The licensor sub-licensed to us the rights to keep, make, have made, import, use, sell, and offer for sale of GB224 or any other pharmaceutical product or formulation that incorporates the antibodies and any associated intellectual property rights exclusively licensed by the licensor from arGEN-X B.V., or arGEN-X, under the research and exclusive license agreement (the "arGEN-X License"), dated 1 October 2012, between arGEN-X and the licensor. In January 2018, the licensor terminated the arGEN-X License and the GB224 License. However, both the arGEN-X License and the GB224 License provided that the sub-license granted to us survive such termination, with arGEN-X as our direct licensor, so we continued to develop GB224 in China after the termination of these two agreements. However, we cannot guarantee that our license rights with respect to GB224 are without defect and are valid under applicable intellectual property laws and regulations. See "Risk Factors — Risks Related to Our Intellectual Property — Our license rights with respect to GB224 may not be valid" for the potential risks and consequences. We and arGEN-X are currently negotiating a definitive agreement to document our license rights in place of the now-terminated arGEN-X License and GB224 License.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET GB224 SUCCESSFULLY.

Our IND-enabled Drug Candidates

We have two drug candidates with IND approvals as of the Latest Practicable Date:

GB235: A Recombinant Humanized HER2 mAb for Breast Cancer

GB235 is a recombinant humanized HER2 antibody that we are developing for the treatment of breast cancer. We own worldwide rights to GB235. Our IND application for a Phase 1 clinical trial of GB235 in HER2+ mBC patients was approved by the NMPA in February 2018. Similar to GB221, GB235 binds to HER2 and blocks the signaling pathways mediated by HER2 that lead to tumor growth.

Even though both GB221 and GB235 target HER2, their binding sites are different and may thus exert synergistic effects in inhibiting downstream signaling pathways when used in combination, resulting in better antitumor effects. GB235 binds to HER2 extracellular subdomain III, where as GB221 or trastuzumab binds to HER2 extracellular subdomain IV and pertuzumab (Perjeta) binds to subdomain II. In our pre-clinical studies, GB235 did not demonstrate competitive binding to HER2 against Herceptin or Perjeta. Subdomain III of HER2 was reported to be involved in the function of HER2 and HER3 interaction. We hypothesize that GB235, once bound to subdomain III of HER2 extracellular domain, locks the HER2 extracellular domain into an inactive conformation. GB235 is also able to inhibit HER3 downstream PI3K-AKT signaling pathway and MAPK signaling pathway. The combination of GB235 and trastuzumab is more likely to influence the rearrangement of HER2/HER3, potentially augmenting the steric hindrance effect on the activation of the intracellular kinase. Our pre-clinical studies demonstrated that GB235 in combination with GB221 possessed more potent antitumor effect *in vitro* in Heregulin-α-mediated tumor cells and did not develop similar drug resistance as GB235 or GB221 monotherapy. In the HER2-positive NCI-N87 xenograft, GB221 monotherapy (20 mg/kg) displayed poor ability in tumor growth inhibition. Notably, GB235 combined with GB221 exhibited significant antitumor activity in NCI-N87 xenograft, whereas GB221 alone displayed only partial effect. For mice bearing of gastric patient-derived tumor xenograft, the model GA0060 show no response to GB221 (10 mg/kg) monotherapy. In contrast, tumor growth was significantly suppressed in nude mice treated with combinatorial treatment with GB235 plus GB221 in comparison to mice treated with GB221 alone. Collectively, the results demonstrate that the addition of GB235 to GB221 treatment sensitizes Trastuzumab-resistant cancer cells to GB221. We plan to file an NDA of GB221 with the NMPA in 2020, and will continue the development of GB235 to further evaluate its therapeutic effects in combination with GB221 in breast cancer.

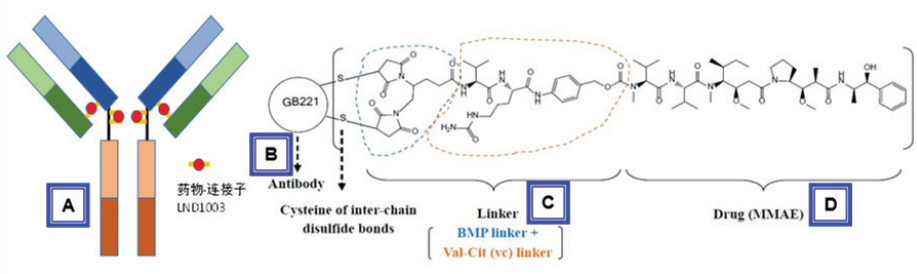
We in-licensed the rights to develop, manufacture and commercialize GB235 globally from the licensors, under certain license agreement (the "GB235 License") and contract research agreement (the "GB235 Research Agreement") in 2011. We have paid a total of RMB2.6 million to the licensors pursuant to these agreements. In June 2020, we entered into a settlement agreement and mutual release with the licensors (the "Settlement Agreement") to terminate the GB235 License and GB235 Research Agreement. Pursuant to the Settlement Agreement, we must pay an amount (the "Settlement Amount") to the licensors. Upon the

receipt of the full Settlement Amount by each of the licensors, the GB235 License and GB235 Research Agreement will be terminated and have no further force or effect. We will retain all right, title and interest to practice and use including, without limitation, to research, develop, make, have made, use, offer for sale, sell and otherwise exploit, GB235 and any other HER2 antibody (collectively, the "HER2 Antibody") developed by the licensors as well as any antibody further developed from such HER2 Antibody. The HER2 Antibody is delivered to us "As Is" and licensors make no warranty, express or implied, statutory or otherwise, as to any matter whatsoever, and all warranties of merchantability, fitness for a particular purpose and non-infringement of third-party rights of the HER2 Antibody. Upon receipt of the Settlement Amount by the licensors, the parties agree to mutually and reciprocally forever release, acquit and discharge the other parties to the Settlement Agreement and any and all other persons, associations or corporations related to or affiliated with the parties (the "Released Parties") from all claims arising out of or is connected in any manner whatsoever with all dealings or transactions between or entered into by the Released Parties.

GB251: A HER2-directed ADC Drug Candidate for Breast Cancer

GB251 is a HER2-directed ADC drug candidate that we are developing to treat breast cancer. ADCs are molecules consisting of a recombinant mAb covalently bound to a cytotoxic drug (called drug payload or warheads) via a synthetic linker. ADCs combine the advantage of antibodies in binding a specific target and the cytotoxic capability of a chemotherapeutic drug. A stable linker between the antibody and the cytotoxic drug is crucial for the ADC integrity in circulation. After antibody binding to the specific antigen on the (cancer) cell surface, the ADC gets internalized and the cytotoxic drug is released intracellularly where it can exert its effect. As illustrated in the figure below, GB251 is an ADC composed of GB221, MMAE and innovative linkers.

Molecular structure of GB251



GB251 is differentiated from other HER2-directed ADCs in that, owing to our in-licensed site-specific coupling technology, it has a highly consistent drug/antibody ratio (DAR ≈ 4) and a more stable inter-chain covalent bond linked structure with two "Maleimido-Cysteine" linkage as compared to the single "Maleimido-Cysteine" linkage of the commercialized T-DM1 drug in China, which provides for potential advantages in PK, PD and safety.

In our pre-clinical studies, GB251 demonstrated inhibitory effects on the growth of several types of HER2+ tumor cells *in vitro*, including among others, SK-Br3, JIMT-1 and BT474. GB251 has also demonstrated similar inhibitory effects on tumor growth in several types of tumor-bearing mouse models at significantly lower doses than T-DM1. Moreover, in both rats and monkeys, serum C_{max} of MMAE was significantly lower in animals dosed with GB251 than those dosed with the corresponding levels of MMAE, suggesting that the serum circulating levels of MMAE, and thereby its toxicity, could be reduced if administered in ADC form. Our IND application for GB251 was approved by the NMPA in April 2018. We plan to conduct a randomized, open-label, multi-center Phase 1a clinical trial in China to evaluate the safety, tolerability, PK/PD and immunogenicity of GB251 in HER2+ metastatic breast cancer patients. We plan to enroll a total of 68 patients, who will be randomized into ten arms at 0.25 mg/kg, 0.5 mg/kg, 1 mg/kg, 1.5 mg/kg, 2 mg/kg, 2.5 mg/kg, 3 mg/kg, 3.5 mg/kg, 4 mg/kg and 5 mg/kg. After determining the appropriate dosage from this Phase 1a trial, we plan to conduct a randomized, open-label, multi-center, in-parallel Phase 1b/2 clinical trial in China to evaluate the safety and efficacy of GB251 in HER2+ metastatic breast cancer patients. We plan to enroll a total of 216 patients, who will be randomized at 1:1:1 ratio into three arms to receive: (i) GB251, (ii) GB251 and (iii) capecitabine and lapatinib. The primary endpoint is PFS and the secondary endpoints are week-6 ORR, OS, safety, PK and immunogenicity.

We are collaborating with NewBio Therapeutics (上海新理念生物醫藥科技有限公司) to develop GB251 as described under "– Collaboration Arrangements – Collaboration Agreement with NewBio Therapeutics" below.

Our Pre-clinical Candidates

In addition to our clinical-stage drug candidates, we are also developing pre-clinical-stage drug candidates. Our senior management reviews all proposals for research programs before they enter discovery and development. Our drug discovery platform has allowed us to maintain and expand a strong pre-clinical-stage drug pipeline in oncology and autoimmune diseases.

GB232: A TNF-α mAb Product Candidate for RA

GB232 is a novel TNF-α mAb that we are developing for autoimmune diseases such as RA. We own worldwide rights to GB232. Similar to adalimumab, GB232 is a fully humanized mAb that can bind to TNF-α. See the subsection headed "GB242: A Biosimilar Product Candidate to Infliximab for Rheumatoid Arthritis — Mechanism of Action" for details of the mechanism of action of TNF-α inhibitors in RA. Adalimumab has been approved by the EMA and the FDA for the treatment of RA, juvenile idiopathic arthritis, psoriatic arthritis, ankylosing spondylitis, Crohn's disease, ulcerative colitis and psoriasis when conventional therapies are not sufficiently effective. Worldwide sales of adalimumab exceeded US$19.2 billion in 2019. Adalimumab (sold under the trade name Humira by AbbVie) and golimumab (sold under the trade name Simponi by Johnson & Johnson) were approved by the NMPA in China as a treatment for RA, ankylosing spondylitis and psoriasis. Besides, Bio-Thera's Geleli (adalimumab biosimilar) and Hisun's Anjianning (adalimumab biosimilar) were also approved by the NMPA in 2019. Besides our GB232, there is one other adalimumab biosimilar drug candidate in Phase 3 clinical trials in China.

Bi-specific Antibodies

We are placing high priority on our pipeline of bi-specific antibody drug candidates. Compared with existing monoclonal antibodies, bi-specific antibodies are designed to enable improved efficacy and enable novel and unique mechanisms of actions to treat diseases which cannot be treated by mAb drugs. Bi-specific antibodies are antibodies that can simultaneously recognize two different epitopes or antigens. Bi-specific antibodies can be developed with dual-targeting of receptors and/or ligands that simultaneously block multiple identified signaling pathways, thereby inducing biological effects previously unattainable with mono-specific mAbs and increasing tumor-specific targeting and efficacy. BsAbs are expected to achieve potentially enhanced anti-tumor efficacy through synergistic signaling inhibition effects, acceleration of tumor cell degradation and enhancement of immune response modulation. BsAbs can also provide improved tumor-targeting specificity by recognizing two functionally-complementary tumor-associated antigens. Therefore, bi-specific antibodies creates additional therapeutic options for treating diseases that do not respond sufficiently to monoclonal antibodies.

The manufacturing of BsAbs is full of challenges. The primary challenges include chemical manufacturing control issues, production yield, homogeneity and purity. While small amount production is typically straightforward, cost-effective manufacturing at large-scale could require major efforts. Till now, only very few bi-specific antibody platforms are qualified and have been proved to be industrialized with high stability. Their enabled large-scale manufacturing capacity will be a key competitive advantage over other bi-specific antibody platforms. With proper design considerations, bi-specific antibody platforms enable the products easier to meet the requirements of manufacturing processes. Special techniques used in designing such as Fc substitution, "knob into hole," and finely adjusting charge distribution on two Fc chains can effectively improve the formation probability of heterodimers. Therefore, the large-scale commercialization of bi-specific antibody can be more easily achieved by the platform with proper design considerations to solve Fc regions mismatch and to enhance the purity.

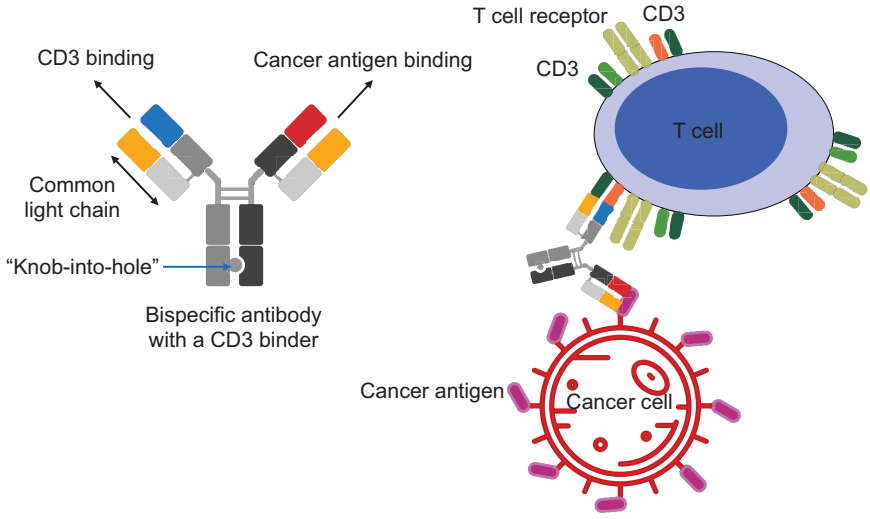
We currently have multiple bi-specific antibody drug candidates and anticipate advancing these candidates into clinical stage. The following are the highlights of our bi-specific antibody drug candidate pipeline:

CD3×CD20 (GB261)

We are developing a CD3×CD20 bi-specific antibody for the treatment of non-Hodgkin lymphoma (NHL). GB261 simultaneously recognize two different epitopes on CD3 and CD20 receptors. GB261 has strong T-cell activation efficacy but relatively low CD3 binding affinity to avoid cytokine storm. Meanwhile, GB261 is differentiated from other CD3×CD20 antibodies in that it maintains ADCC/CDC function, which only kills cancer cells but not T-cells or other normal cells. This feature enables GB261 to target cancer cells with better potency. GB261 was also designed to have low immunogenicity. We believe that all of these features will enable GB261 to bring clinical benefits to patients. According to the CIC Report, three other

CD3×CD20 bi-specific antibody drug candidates are under Phase 1/2 clinical trials for oncology indications registered with the FDA. Currently, GB261 is under CMC development, and we expect to file an IND application with the NMPA in the first half of 2021, and further explore global development opportunities.

Mechanism of action of anti-CD3 bi-specific antibodies



Source: Ab Studio

PD-L1×CD55

We are developing a PD-L1×CD55 bi-specific antibody for the treatment of solid tumors, including pancreatic cancer. This bi-specific antibody simultaneously inhibits receptor/ligand binding to PD-L1 and CD55. Our PD-L1×CD55 bi-specific antibody (GB262) has a novel mechanism of action. PD-L1 is a PD-1 receptor overexpressed on cancer cells to repress T-cell activation, and CD55 is a complement regulatory protein overexpressed on cancer cells to inhibit complement function. Therefore, simultaneous binding to both PD-L1 and CD55 is expected to remove cancer cell inhibition on both T-cell activation and complement activation. Furthermore, CD55 is a quick internalizing antigen, whereas PD-L1 is a slow internalizing antigen, so the parental CD55 mono-specific antibody has strong internalizing ability, whereas the parental PD-L1 mono-specific antibody has almost no internalizing ability. The advantages of this new feature for PD-L1-based mechanism of action is that the blocking of PD1/PD-L1 interaction by a PD-L1 mono-specific antibody is affected by the on/off rate of the PD-L1 mono-specific antibody, but when the PD-L1×CD55 bi-specific antibody triggers PD-L1 internalization, PD-L1 on cancer cell surface is "wiped off," thereby more completely blocking PD1/PD-L1 interaction. Similarly, the downregulation of CD55 on target cell surface powerfully releases cancer cell repression on complement-dependent cytotoxicity and induces cancer cell lysis. Cell-based data with our PD-L1×CD55 bi-specific antibody is favorable and we expect to initiate animal study soon.

EGFR×c-Met

We are developing an EGFR×c-Met bi-specific antibody for the treatment of Tagrisso-relapsed NSCLC. This bi-specific antibody simultaneously inhibits ligand binding to EGFR and c-Met and contains the same EGFR-binding arm as that of JNJ372 but a new c-Met-binding arm that blocks c-Met/HGF interaction similarly to that of JNJ372. A significant relationship between EGFR and c-Met signaling was recognized through the studies on cancer therapy outcomes. c-Met is a critical player in developing resistance to targeted therapies, including therapies directed at EGFR. EGFR and downstream genetic mutations such as KRAS, histologic transformation, and the activation of alternative pathways, which includes the c-Met signaling pathway, have been identified as mechanisms of resistance to EGFR-targeted therapies. Consequently, blocking one receptor tends to upregulate the other, leading to resistance to single-agent treatment. Amplification of c-Met and/or high levels of HGF ligand expression have been observed in NSCLC patients with intrinsic or acquired resistance to tyrosine kinase inhibitors of EGFR, including erlotinib and gefitinib. Conversely, c-Met-amplified lung cancer cells exposed to c-Met-inhibiting agents for a prolonged period develop resistance via the EGFR pathway. Because of the signaling crosstalk between EGFR and c-Met, inhibition of both receptors in combination may lead to improved outcomes for patients with c-Met- and EGFR- driven cancers. Additionally, concurrent inhibition may overcome or delay therapeutic resistance compared to the blockade of just one pathway.

LICENSING AND COLLABORATION ARRANGEMENTS

In-Licensing Arrangements

Licensing Agreement with G1 Therapeutics (GB491)

In June 2020, we entered into an exclusive license agreement (the "G1 Agreement") with G1 Therapeutics with respect to the development, manufacture and commercialization of lerociclib, which is G1 Therapeutics' proprietary investigational CDK4/6 inhibitor.

Under the G1 Agreement, G1 Therapeutics granted to us an exclusive, royalty-bearing, non-transferable, sublicensable license under the G1 intellectual property to:

(i) develop, obtain, hold and maintain regulatory approvals for (including any pricing or reimbursement approvals), and commercialize lerociclib and any pharmaceutical product that contains or comprises lerociclib as its sole active pharmaceutical ingredient ("Lerociclib Products"), which may be co-administered, co-packaged, or co-marketed (but not co-formulated) with a pharmaceutical product that is not a Lerociclib Product, for the treatment, using an oral-only dosage form administered by continuous administration, of any and all indications in humans through the inhibition of CDK4/6 (the "G1 Field") in Australia, Bangladesh, Hong Kong, India, Indonesia, Macau, Malaysia, Myanmar, New Zealand, Pakistan, China, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam (the "G1 Licensed Territory"); and

(ii) manufacture lerociclib and Lerociclib Products worldwide, in all cases solely for purposes of development, obtaining, holding and maintaining regulatory approvals for (including any pricing or reimbursement approvals) and commercialization of the Lerociclib Products in the G1 Field in the G1 Licensed Territory.

Subject to the terms and conditions of the G1 Agreement, we shall have the right to grant sublicenses of the license: (i) to our affiliates, provided that such sublicense shall automatically terminate if such entity ceases to be our affiliate; (ii) to third party contract manufacturing organizations ("CMOs"), contract research organizations, and other third party subcontractors for the sole purpose of performing our obligations or exercising our rights with respect to the development and the manufacture of Lerociclib Products in the G1 Field in the G1 Licensed Territory; provided that any sublicense to a CMO, other than the CMOs set forth in the G1 Agreement, will require G1 Therapeutics' prior written consent; and (iii) to third parties (e.g., distributors) engaged by us or our affiliates to commercialize lerociclib or the Lerociclib Products in the G1 Field in the G1 Licensed Territory on behalf of us or our affiliates. In addition, subject to certain exceptions and with prompt notice delivered to G1 Therapeutics, we are entitled to grant sublicenses of the license (in addition to the sublicenses described in the above sentence) under the G1 Agreement with respect to any one or more regions within the G1 Licensed Territory solely with G1 Therapeutics' prior written consent. We may fulfill any of our obligations under the G1 Agreement by ourselves or through our affiliates, subcontractors and sublicensees, so long as we remain directly responsible for all our obligations under the G1 Agreement, regardless of whether any such obligation is delegated, subcontracted or sublicensed.

Notwithstanding the exclusive nature of the license, G1 Therapeutics expressly retains the rights to practice and exploit the G1 intellectual property in the G1 Field in the G1 Licensed Territory to the extent necessary to perform its obligations under the G1 Agreement or to manufacture lerociclib and Lerociclib Products in the G1 Licensed Territory solely for the exploitation of Lerociclib Products outside the G1 Licensed Territory, in each case, whether directly or through its affiliates, third party licensees or subcontractors.

We granted to G1 Therapeutics a non-exclusive, fully-paid, royalty-free, perpetual, irrevocable and sublicenseable (through multiple tiers) license under our intellectual property to the extent necessary to exploit lerociclib and Lerociclib Products outside the G1 Licensed Territory (in or outside of the G1 Field); provided that, in the event of the termination of the G1 Agreement for any reason (other than by us for G1 Therapeutics' material breach), the foregoing license shall apply on a worldwide basis.

We shall not, and shall ensure that our affiliates and sublicensees do not, engage in (independently or for or with any third party) any development (solely for the first five years of the term of the G1 Agreement) or commercialization (throughout the term of the G1 Agreement) of any pharmaceutical product in the G1 Field in the G1 Licensed Territory whose primary mechanism of action is CDK4/6 selective inhibition other than lerociclib or Lerociclib Products in the G1 Field in the G1 Licensed Territory, without the prior written consent of G1 Therapeutics.

During the term of the G1 Agreement, subject to certain exceptions, without our prior written consent, G1 Therapeutics shall not, and shall ensure that its affiliates and, solely in the case of clause (i) of this paragraph, its third party licensees do not, engage in (independently or for or with any third party) any development or commercialization of (i) lerociclib or Lerociclib Products in the G1 Licensed Territory (irrespective of field), or (ii) any pharmaceutical product in the G1 Field in the G1 Licensed Territory whose primary mechanism of action is CDK4/6 selective inhibition.

At our sole cost and expense, we shall:

(i) use commercially reasonable efforts, whether by ourselves or through our affiliates, sublicensees or subcontractors, to develop at least one Lerociclib Product for at least one indication in the G1 Field in each region in the G1 Licensed Territory in accordance with a written development plan, which may be updated from time to time;

(ii) use commercially reasonable efforts, whether by ourselves or through our affiliates, sublicensees or subcontractors, to seek, secure, and maintain at least one regulatory approval and associated pricing and reimbursement approvals for at least one indication for at least one Lerociclib Product in the G1 Field in each region in the G1 Licensed Territory;

(iii) obtain supply of lerociclib and Lerociclib Products sufficient to enable us to meet our development, regulatory approval, commercialization, and other obligations under the G1 Agreement. G1 Therapeutics shall promptly transfer, or cause its CMO(s) to transfer, to us or our designee(s), at G1 Therapeutics' sole cost and expense, the information, documentation and other know-how related to the manufacture of lerociclib and Lerociclib Products described in the G1 Agreement; and

(iv) use commercially reasonable efforts to, commercialize each Lerociclib Product in the G1 Field in each region in the G1 Licensed Territory where regulatory approval has been granted for such Lerociclib Product.

We shall pay to G1 Therapeutics (i) a one-time, non-refundable, non-creditable upfront payment in the amount of US$6 million, (ii) non-refundable, non-creditable milestone payments upon achievement of certain development and sales milestones in the aggregate amount of US$40 million, and (iii) non-refundable, non-creditable tiered royalty payments ranging from high single to low double-digits based on aggregate annual net sales of Lerociclib Products sold in the G1 Licensed Territory in each calendar year. With respect to a given Lerociclib Product in a given region in the G1 Licensed Territory, the royalty term ("G1 Royalty Term") is the period commencing on the first commercial sale of such Lerociclib Product in such region and ending upon the later of (a) the expiration of all valid claims that

are covering claims for such Lerociclib Product in such region; (b) the expiration of marketing exclusivity for such Lerociclib Product in such region, or (c) fifteen (15) years from the first commercial sale of such Lerociclib Product in such region.

As between the parties, G1 Therapeutics shall retain ownership of (i) all G1 intellectual property, (ii) all inventions made solely by employees or representatives of G1 Therapeutics, and (iii) all inventions made jointly by the employees or representatives of both parties. We shall retain ownership of all inventions made solely by our employees or representatives, subject to certain exceptions. The parties shall jointly own all inventions that are made by or on behalf of us or our affiliates that are both (i) improvements to, or that would not have been created except through the use or application of, the G1 intellectual property (including improvements to the manufacturing know-how), and (ii) cover the manufacture or use of lerociclib, Lerociclib Products, certain of G1 Therapeutics' other proprietary compounds or pharmaceutical products incorporating such compounds (or a pharmaceutically acceptable salt thereof) (such inventions are referred to herein as "Co-Owned IP"). Except as expressly provided in the G1 Agreement, each party is entitled to practice and exploit the Co-Owned IP for any and all purposes on a worldwide basis (including rights to freely assign its rights in such Co-Owned IP and to freely grant licenses and sublicenses under such Co-Owned IP through multiple tiers) in each case without the consent of the other party and without a duty of accounting to the other party. Each party will grant and did grant to the other party all further permissions, consents, and waivers with respect to, and all licenses under, the Co-Owned IP, throughout the world, necessary to provide the other party with full rights of use and exploitation of the Co-Owned IP (subject to the terms and conditions of the G1 Agreement). Further, without limiting the foregoing, if applicable laws of any country require written permission to license or otherwise transfer Co-Owned IP in accordance with the G1 Agreement, then the party requiring such written permission shall provide the required documents to the other party which will cooperate to execute such documents at such first party's request and expense and without delay. Neither party will apply for or seek to secure any patent right that covers any Co-Owned IP without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed.

As between the parties, G1 Therapeutics shall have the sole right to control the patent prosecution of all G1 patents in the G1 Licensed Territory using counsel selected by G1 Therapeutics and reasonably acceptable to us.

The G1 Agreement shall remain effective on a region-by-region and Lerociclib Product-by-Lerociclib Product basis, unless terminated earlier in accordance with the terms of the G1 Agreement, until the last to expire G1 Royalty Term for the last Lerociclib Product in the G1 Licensed Territory. Upon the expiration (but not the earlier termination) of the G1 Royalty Term with respect to a region and Lerociclib Product, the license shall automatically become fully-paid up, royalty-free, irrevocable and perpetual for such region and Lerociclib Product in the G1 Field.

We may terminate the G1 Agreement without cause at any time upon prior written notice to G1 Therapeutics, which notice includes an effective date of termination upon expiration of at least a certain period of time after the date of the notice. The G1 Agreement may be terminated by either party for the other party's material breach (subject to certain cure periods) or insolvency upon written notice. G1 Therapeutics may terminate the G1 Agreement in its entirety upon certain advanced written notice if we or our affiliates or sublicensees, individually or in association with any other person, commences a legal action anywhere in the world challenging the validity, enforceability or scope of any G1 patent that is included in the license at such time, subject to certain exceptions.

Licensing Agreement with Crown Bioscience (Taicang) (GB226)

In March 2015, we entered into an exclusive license agreement (the "Crown Bioscience Agreement") with Crown Bioscience (Taicang) with respect to the development and commercialization of GB226, which is Crown Bioscience (Taicang)'s proprietary investigational antibody against PD-1 (the "PD-1 product").

Under this agreement, Crown Bioscience (Taicang) granted to us an exclusive, royalty-bearing, sublicensable license to exploit GB226 for any human therapeutic, disease prevention or diagnostic purpose in China. This license will remain effective until GB226 is no longer being sold in China, unless this agreement is terminated earlier. We also received the right to grant license or sublicense to or authorize our affiliates and third parties to develop on GB226 as long as such license, sublicense or authorization will not result in any detriment to Crown Bioscience (Taicang)'s rights under this agreement. We are solely responsible for the development and commercialization of GB226 in China.

Pursuant to this agreement, we paid Crown Bioscience (Taicang) an upfront license fee of RMB4 million. We also agreed to make milestone payments to Crown Bioscience (Taicang), conditioned upon the achievement of certain development, regulatory and commercial milestones, in the aggregate amount of RMB43 million. Such milestones include validation of the licensed research materials transferred from Crown Bioscience (Taicang) to us and obtaining IND and NDA approvals for the first and second indications or for combination therapies. As of the date of this document, we have made milestone payments of RMB15 million to Crown Bioscience (Taicang).

In addition, we are required to pay tiered low- to mid- single digit royalties on the annual net sales of GB226 to Crown Bioscience (Taicang) during the term, commencing with the first commercial sale of a relevant licensed product in China. The end of the royalty term is linked to the expiration or invalidation of relevant patent claims applied by or owned by Crown Bioscience (Taicang). To date, we have not paid any royalties to Crown Bioscience (Taicang).

We and Crown Bioscience (Taicang) will share any awards or subsidies granted by government authorities or other similar organizations for the research and commercialization of GB226. The proportion of these awards or subsidies that we will be entitled to range from low- to mid- double digit percentages depending on the development stage.

We own proprietary rights to any improvement, modification or alteration that we make while exploiting GB226 under this agreement. Pursuant to this agreement, we granted to Crown Bioscience (Taicang) a license under our rights to any such improvement, modification or alteration solely to exploit GB226 outside of China. We are obligated to use commercially reasonable efforts to support Crown Bioscience (Taicang) in its exploitation of any such improvement, modification or alteration. In return, Crown Bioscience (Taicang) is required to pay low-single digit royalties on the annual net sales of GB226 to us, on a country-by-country basis, commencing with the first commercial sale of a relevant licensed product outside of China. In the event that Crown Bioscience (Taicang) sublicenses its rights under any such improvement, modification or alteration to a third party outside of China and we have provided support to the sublicensee in its exploitation of GB226, in addition to the aforementioned royalties, we will be entitled to part of any payments received by Crown Bioscience (Taicang) from the sublicensee in relation to such sublicense, ranging from mid-single digit to low-teen percentages of such payments.

Unless terminated earlier in accordance with the terms thereof, this agreement will remain in effect until the later of: (i) the date when both parties have fully performed their respective rights and obligations under this agreement, and (ii) the expiry of the last to expire patent of the licensed intellectual property. This agreement may be terminated by either party for the other party's uncured breach of its payment obligations. In addition, we have the right to terminate the agreement if the licensed research materials transferred from Crown Bioscience (Taicang) to us are materially different from the specifications set forth in this agreement or if Crown Bioscience (Taicang) develops, on its own or on any third party's behalf, any PD-1 antibody product within three years after the effective date of this agreement without our written consent. Crown Bioscience (Taicang) has the right to terminate this agreement if we fail to develop and commercialize GB226 in accordance with the agreed timelines set forth in this agreement (other than due to any technical defects of the PD-1 product, Crown Bioscience (Taicang)'s own fault, or as mutually agreed by the parties) or if we develop, research or invest in, on our own or in cooperation with any third party, any PD-1 antibody product within three years after the effective date of this agreement without Crown Bioscience (Taicang)'s written consent.

In December 2015, Crown Bioscience (Taicang) entered into a license agreement (the "CBT Agreement") with Apollomics, Inc. ("Apollomics," formerly known as CB Therapeutics, Inc.), with respect to the exclusive development and commercialization of the PD-1 product outside of China, transferring to Apollomics certain of its rights and liabilities with regards to our Company, provided for by and subject to the terms and conditions of the Crown Bioscience Agreement. In May 2018, Crown Bioscience (Taicang), Apollomics and our Company entered into a tri-party agreement (the "Tri-party Agreement") delineating the rights and obligations of all three parties with respect to the development and commercialization of the PD-1 product. Pursuant to the Tri-party Agreement, we are obligated to (i) provide data, knowhow, cell banks and other data rights directly to Apollomics and its affiliates or sublicensees that Apollomics may reasonably request and (ii) collaborate with Apollomics and its affiliates or sublicensees in good faith in developing the PD-1 product, according to the Crown Bioscience Agreement as we are obligated to Crown Bioscience (Taicang). We remain liable to pay Crown Bioscience

(Taicang) any milestone fees, royalties, or any other payment as set in the Crown Bioscience Agreement. Crown Bioscience (Taicang) and Apollomics agreed to abide by and fulfil their obligations, according to the Crown Bioscience Agreement as Crown Bioscience (Taicang) is obliged to us, and according to the CBT Agreement as Apollomics is obliged to Crown Bioscience (Taicang) and in turn obliged to us, including but not limited to paying or causing their licensees/sublicensees to pay sales royalty and certain percentage of license fees outside of China. We also granted to Apollomics, effective upon any early termination of the Crown Bioscience Agreement, the same right, title and interest as we have granted to Crown Bioscience (Taicang) under the terminated Crown Bioscience Agreement except that such early termination is due to the breach of contract by Crown Bioscience (Taicang). Such grant will automatically expire upon the termination of sales of the PD-1 product. In addition, Apollomics or its affiliates or sublicensees must procure and we must supply clinical trial materials and/or commercial product of the PD-1 product for development and commercialization outside of China. The Tri-party Agreement remains effective until terminated by mutual written consent of Apollomics and us.

Licensing Arrangements between ABT, ABS and our Company (Bi-specific antibodies and platform)

See the section titled "History, Development and Corporate Structure" for details about the relationship between ABT, ABS and our Company.

Assignment and License Agreement between ABS and ABT

In September 2019, ABT and ABS entered into an assignment and license agreement (the "Assignment and License Agreement") relating to certain bi-specific antibody candidates and their derivatives (the "Compound"), including but not limited to CD20 × CD3 and PD-L1 × CD55 bi-specific antibody candidates, and other intellectual property developed and owned by ABS.

Pursuant to this agreement, ABS assigned to ABT all of its right, title, and interest worldwide to or in the inventions under the assignment patents, related patent applications and other rights of exclusion, all patents that have issued or in the future issue from the foregoing patent applications, and all extensions or restorations by existing or future extension or restoration mechanisms of the foregoing patents or patent applications. In return, ABT granted to ABS a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully paid-up, fully sublicenseable and assignable license under a specified patent to research, optimize, and develop bi-specific antibodies.

Under this agreement, ABS granted to ABT (i) an exclusive, worldwide, royalty-bearing, sublicensable license under the licensed patents, licensed know-how, and licensed improvements (the "Licensed IP") to develop, use, manufacture and commercialize the Compound and/or any pharmaceutical or therapeutic products containing the Compound as an active ingredient alone or in combination with other active ingredients (the "Licensed Product") in all fields of use worldwide during the term of this agreement (the "ABT License");

and (ii) a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully paid-up, sublicensable and assignable license under the licensed patents, licensed know-how, and licensed improvements to practice the technology owned or controlled by ABS necessary or reasonably useful to ABT in researching, optimizing, humanizing and/or undertaking development of bi-specific antibodies (the "Licensed Platform Technology") and to manufacture, develop and/or commercialize EGFR/C-Met bi-specific antibodies (the "Platform License").

ABT may sublicense the rights granted to it under the ABT License through multiple tiers and in whole or in part without the prior written consent of ABS to (i) its affiliates solely as reasonably required for it to perform its obligations under this agreement, which sublicense will automatically terminate as and when any such affiliate ceases to be its affiliate; or (ii) third parties designated by ABT from time to time, solely for the purpose of undertaking manufacturing, development, and/or commercialization (including local distribution) of a Compound and/or a Licensed Product.

ABT may sublicense the rights granted to it under the Platform License through multiple tiers and in whole or in part without the prior written consent of ABS to (i) its affiliates, which sublicense will automatically terminate as and when any such affiliate ceases to be its affiliate; or (ii) its affiliates and/or third parties designated by ABT from time to time, solely for the purpose of undertaking manufacturing, development, and/or commercialization (including local distribution) of a Compound and/or a Licensed Product and/or EGFR/C-Met bi-specific antibodies.

Under this agreement, ABT solely controls and determines the prosecution and maintenance of the assigned patents and bears the costs of same. ABS retains all control and determination with respect to any patents that comprise the licensed improvements and bears the costs of same. ABS will have any patents under the licensed improvements that relate to the Licensed Products incorporated into the ABT License and will have any patents under the licensed improvements that relate to the Licensed Platform Technology incorporated into the Platform License.

This agreement will be effective until the expiration or invalidation of the last valid claim of the assigned patents and patents that comprise the licensed improvements. Upon the expiration of this agreement, the licenses to the licensed know-how in the ABT License and the Platform License will continue on a worldwide, non-exclusive, perpetual, irrevocable, royalty-free, and fully paid-up basis.

Agreement between ABT and Our Company

In September 2019, we entered into an exclusive license agreement with ABT with respect to the development and commercialization of the Compound and other intellectual property of ABT.

Under this agreement, ABT granted to us (i) an exclusive, worldwide, royalty-bearing, sublicensable license under the licensed compound patents, licensed know-how, and licensed improvements to develop, use, manufacture and commercialize the Compound and/or the Licensed Product in all fields of use worldwide during the term of this agreement (the "Company License"); and (ii) a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully paid-up, sublicensable license to practice the Licensed Platform Technology, excluding any patents or know-how directed at any specific product candidates of ABS that are licensed to ABT under the Assignment and License Agreement, and under the licensed improvements to manufacture, develop and/or commercialize EGFR/C-Met bi-specific antibodies (the "Platform License").

We may sublicense the rights granted to us under the Company License through multiple tiers and in whole or in part without the prior written consent of ABT to (i) our affiliates solely as reasonably required for us to perform our obligations under this agreement, which sublicense will automatically terminate as and when any such affiliate ceases to be an affiliate; or (ii) third parties designated by us from time to time, solely for the purpose of undertaking manufacturing, development, and/or commercialization (including local distribution) of a Compound and/or a Licensed Product.

We may sublicense the rights granted to us under the Platform License through multiple tiers and in whole or in part without the prior written consent of ABT to (i) our affiliates, which sublicense will automatically terminate as and when any such affiliate ceases to be an affiliate; or (ii) our affiliates and/or third parties designated by us from time to time, solely for the purpose of undertaking manufacturing, development, and/or commercialization (including local distribution) of a Compound and/or a Licensed Product and/or EGFR/C-Met bi-specific antibodies.

Pursuant to this agreement, we, our affiliates and/or our sublicensees are solely responsible for the development, manufacture and commercialization of the Licensed Products.

Each party to this agreement retains all right, title and interest in and to all intellectual property rights that are owned by, licensed or sublicensed by or to such party prior to or independent of this agreement. We will be the sole owner of our inventions and improvements, while ABT and/or its affiliates will retain its ownership rights, title and interest in and to all Licensed IP.

There is no one-time, upfront payment due by us as a result of the entry into this agreement, nor is there any payment due by us as a clinical development payment. As partial consideration for the licenses and rights granted to us, we are obligated to pay ABT upon achievement of certain regulatory and commercialization milestones an aggregate amount of US$50 million. In addition, we will make royalty payments to ABT on aggregate net sales per year of Licensed Products by us and our affiliates and sublicensees at a low-single digit royalty rate. Royalties will be payable beginning from the date of the first commercial sale of any Licensed Product in any country and will continue to be paid until the later of (a) the expiration of the last to expire valid claim of any licensed patent covering any such Licensed Product in

such country; (b) the expiration of the period of regulatory exclusivity in any country; or (c) ten (10) years after first commercial sale of such Licensed Product in such country (the "Royalty Term"). Upon the expiration of this agreement, the licenses grant to us will continue on a worldwide, non-exclusive, perpetual, irrevocable, royalty-free, and fully paid-up basis.

If there is a loss of market exclusivity in a country, region or other political subdivision, for so long as there is a loss of market exclusivity in such country, the net sales for such country, region or other political subdivision to be included in net sales for the purpose of calculating the royalties due will be reduced to zero.

This agreement will be effective until the last-to-expire Royalty Term. We may terminate this agreement without cause at any time upon prior written notice to ABT. This agreement may be terminated by either party for the other party's uncured material breach and insolvency upon written notice. In the event we determine in writing that we will not have conducted any development and commercialization (including sublicensing) activities with respect to all Licensed Products directed toward a given set of targets for an uninterrupted period of eighteen (18) months (or a shorter period of time as agreed by the parties), we must provide written notice to ABT of such failure, and ABT may elect to undertake out-licensing of such Licensed Products to third parties on commercially reasonable terms. Upon the closing of any such out-licensing to any such third party elected by ABT, this agreement will terminate as to the applicable Licensed Products and/or sublicenses and other license rights may be granted to such third party, as negotiated and agreed by the parties in such event.

Joint Patent Ownership Agreement between ABS and ABT

In December, 2019, ABS and ABT entered into a joint patent ownership agreement with respect to a certain PCT application (the "Subject PCT Application") that ABS licensed to ABT pursuant to the Assignment and License Agreement.

Under this agreement, ABS and ABT agreed that they will jointly own all rights, title and interests in and to the Subject PCT Application and any patent rights thereto (collectively, the "Co-Owned Patent Rights"). ABS assigned to ABT all its rights, title and interests in and to the Co-Owned Patent Rights solely for the development, manufacture, use, and commercialization of CD20/CD3 bi-specific antibody candidates and PD-L1×CD55 bi-specific antibody candidates and their derivatives (collectively, the "ABS Compound") and/or any pharmaceutical or therapeutic products containing an ABS Compound as an active ingredient, alone or in combination with other active ingredients (the "ABS Licensed Product") worldwide (the "ABT Permitted Use"). ABT assigned to ABS all its rights, title and interests in and to the Co-Owned Patent Rights solely for the development, manufacture, use, and commercialization of the ABS Compound and/or the ABS Licensed Product for all fields of uses other than the ABT Permitted Use worldwide (the "ABS Permitted Use").

Each of the parties (as an "Assigning Party") acknowledges and agrees that at any time after the effective date of this agreement, to the extent the claimed subject matter of any patents or patent applications within the Co-Owned Patent Rights is directed solely to the Permitted Use of the other party (as the "Accepting Party"), each such patent or patent application a "Sole Permitted Use Patent," the Assigning Party agrees to assign to such Accepting Party all of the Assigning Party's rights, title and interests in and to such Sole Permitted Use Patent.

Pursuant to this agreement, ABS granted to ABT a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully paid-up, fully sublicenseable and assignable license under ABS' rights to the Co-Owned Patent Rights, and any Sole Permitted Use Patents ABS owns, solely as needed for ABT to fully enjoy its undivided equal rights in and to the Co-Owned Patent Rights within the ABT Permitted Use (the "ABT FTO License"). In return, ABT granted to ABS, a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully paid-up, fully sublicenseable and assignable license under ABT's rights in the Co-Owned Patent Rights, and any Sole Permitted Use Patents ABS owns, solely as needed for ABS to fully enjoy its undivided equal rights in and to the Co-Owned Patent Rights within the ABS Permitted Use (the "ABS FTO License"). All other intellectual property of the parties will remain the property of its respective owner(s).

This agreement will continue until the later of (i) there are no pending applications within Co-Owned Patent Rights, and (2) the expiration or invalidation of the last valid claim of the Co-Owned Patent Rights.

License Agreement with ImmuneSensor Therapeutics (GB492)

In June 2020, we entered into an exclusive license agreement with ImmuneSensor Therapeutics for ImmuneSensor Therapeutics' proprietary compound (GB492/IMSA101), a STING agonist. Under this agreement, ImmuneSensor Therapeutics granted to us an exclusive, sublicensable right and license under the licensed technology to develop, manufacture and commercialize (i) IMSA101 and any prodrugs, solvates, hydrates, stereoisomers, metabolites, isomers, enantiomers, tautomers, polymorphs and salts of such compound developed by or on behalf of ImmuneSensor Therapeutics or any of its affiliates as part of its or any of its affiliates' STING agonist program, (ii) all compounds first generated, created or conceived by or on behalf of our Company or any of our affiliates or sublicensees that are STING agonists, and any prodrugs, solvates, hydrates, stereoisomers, metabolites, isomers, enantiomers, tautomers, polymorphs and salts of such compounds ("Grant Back Compound," and collectively with (i), "STING Compound"), and (iii) any pharmaceutical product containing a STING Compound, in any dose, form, means of administration, presentation or formulation, provided that nothing herein will be deemed to constitute a license to such other active pharmaceutical ingredients under any licensed patents or licensed know-how ("STING Product"). Our license is for all fields in Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Cambodia, Cook Islands, Federated States of Micronesia, Fiji, Hong Kong, India, Indonesia, Kiribati, Laos, Macau, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nauru, Nepal, New Zealand, Niue, North Korea, Pakistan, Palau, Papua New Guinea, Philippines, PRC, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Taiwan, Thailand,

Timor-Leste, Tonga, Tuvalu, Vanuatu and Vietnam, and excluding Japan ("STING Territory"). We will use commercially reasonable efforts to develop, seek regulatory approval for, and commercialize at least one (1) STING Product in the STING Territory, and in particular in each of the PRC, India, Australia and South Korea. We will have the authority to, at our own expense, manufacture STING Compounds and STING Products for the purpose of developing the same in or outside the STING Territory or commercializing the same in the STING Territory. We will use commercially reasonable efforts to commercialize each STING Product in each country or region for which we have obtained or expects to obtain regulatory approval for such STING Product, at our sole cost and expense.

For a certain period of time, we will not, and will ensure that our affiliates and sublicensees do not, engage in any development or commercialization in the STING Territory of any pharmaceutical product that is or contains a STING agonist (other than a STING Product under this agreement), without the prior written consent of ImmuneSensor Therapeutics, subject to certain exceptions.

For a certain period (the "Follow-On Term"), ImmuneSensor Therapeutics will not, and will cause its affiliates not to, (i) assign, license, grant or transfer rights to, or otherwise enable, any third party, or grant an option to, or enter into any other agreement with, any third party, in each case, to clinically develop or commercialize (including to use clinically, sell, or offer for sale) any Follow-On Compound (as defined below) or any product containing any Follow-On Compound in the STING Territory nor (ii) clinically develop or commercialize (including to use clinically, sell, or offer for sale) any Follow-On Compound or any product containing any Follow-On Compound in the STING Territory. Follow-On Compound means (i) all antibody drug conjugates that are STING agonists, including any such antibody drug conjugates that contain a fragment of (a) IMSA101 or (b) any prodrugs, solvates, hydrates, stereoisomers, metabolites, isomers, enantiomers, tautomers, polymorphs or salts of IMSA101 and (ii) other than Grant Back Compounds, all STING agonists and any prodrugs, solvates, hydrates, stereoisomers, metabolites, isomers, enantiomers, tautomers, polymorphs and salts of such agonists, in each case (i) and (ii) developed by or on behalf of, and controlled by (other than as a result of a change of control of ImmuneSensor Therapeutics or any of its affiliates), ImmuneSensor Therapeutics or any of its affiliates. During the same period, ImmuneSensor Therapeutics may, and may cause its affiliates to, pre-clinically develop Follow-On Compounds and products containing Follow-On Compounds and manufacture Follow-On Compounds and products containing Follow-On Compounds in the STING Territory, subject to certain restrictions. For a certain period beginning on the date of expiration of the Follow-On Term, we will have a right of first refusal with respect to any of the following by or on behalf of ImmuneSensor Therapeutics or any of its affiliates: (i) the assignment, license, grant or transfer rights to, or other enablement of, or grant of any option to, or entry into any other agreement with, any third party to clinically develop or commercialize (including to use clinically, sell, offer for sale, import, or export) any Follow-On Compound or any product containing any Follow-On Compound in the STING Territory, but excluding a change of control of ImmuneSensor Therapeutics or any of its affiliates, and (ii) the clinical development or commercialization (including to use clinically, sell or offer for sale) each Follow-On Compound or any product containing any Follow-On Compounds in the STING Territory.

ImmuneSensor Therapeutics and us will form a joint steering committee (the "JSC") to provide strategic oversight and to facilitate information sharing between the parties with respect to the activities of the parties under this agreement. The JSC will, among others, coordinate and share information, review and discuss the overall strategy and keep each party reasonably informed with respect to the development, manufacture and commercialization of the STING Product, approve the clinical trial design, review and approve the development plan and any modifications or amendments, and attempt to resolve all disputes between the parties. The JSC will be composed of a total of three (3) representatives, one (1) of which will be designated by ImmuneSensor Therapeutics and two (2) of which will be designated by us. The JSC will be co-chaired by one designated representative of each party. Each representative to the JSC will have the authority to make decisions on behalf of such party. The parties will endeavor in good faith and in compliance with this agreement to reach unanimous agreement with respect to all matters within the JSC's authority. Should the JSC not be able to reach a majority vote with respect to a matter at a duly called meeting of the JSC, either party may refer such matter to the senior officers for resolution and the senior officers will attempt to resolve the matter in good faith. If the senior officers fail to resolve such matter within a certain period, then we will have the final decision-making authority on all matters relating to the development, manufacture or commercialization of the STING Products by or on behalf of us or our affiliates, subject to certain restrictions.

We must pay an upfront payment, milestone payments upon achieving certain development and regulatory milestones, and royalties on the net sales of STING Products in the STING Territory that is equal to the product of the net sales of STING Products in the STING Territory. Royalties will be due with respect to a given STING Product in a given country or region in the STING Territory during the period commencing upon the first commercial sale of such STING Product in a specified country or region and ending upon the later of (i) the date on which such STING Product in such country or region is no longer Covered by a Valid Claim of the licensed patents or (ii) the tenth (10th) anniversary of the first commercial sale of such STING Product in such country or region; provided that in all cases ((i) and (ii)), our obligation to pay royalties to ImmuneSensor Therapeutics with respect to sales of a particular STING Product in a particular country or region will automatically expire upon the regulatory approval of a generic product with respect to such STING Product in such country or region, provided, that, if such regulatory approval of a generic product is withdrawn, cancelled or terminated in such country or region, then our obligation to pay royalties to ImmuneSensor Therapeutics for such STING Product in such country or region, and the royalty term for such STING Product in such country or region, will automatically be reinstated until such generic product or another generic product with respect to such STING Product in such country or region receives regulatory approval.

The ownership of all know-how generated, created or conceived in the performance of this agreement, and all intellectual property rights therein, will be determined based on the principles of inventorship in accordance with United States patent Laws. Each party hereby assigns, and agrees to assign, to the other party, and will cause its affiliates to assign to the other party, all right, title and interest held by the assigning party and its affiliates to effectuate the terms and conditions. Subject to the rights and licenses granted, each party and its affiliates

are entitled to practice joint technology for all purposes on a worldwide basis without consent of and without a duty of accounting to the other party. Each party will grant and hereby does grant all permissions, consents and waivers with respect to, and all licenses under, the joint technology, throughout the world, necessary to provide the other party and its affiliates with such rights of use and exploitation of the joint technology, and will execute documents as necessary to accomplish the foregoing.

Unless terminated earlier, this agreement will continue in full force until the last to expire royalty term in the STING Territory for all STING Products. Upon the expiration of the royalty term for a given STING Product in a given country or region in the STING Territory, the rights and licenses granted to us will become perpetual, irrevocable, fully paid-up and royalty free with respect to such STING Product in such country or region. This agreement may be terminated by either party for the other party's uncured material breach, bankruptcy or insolvency, or patent challenge. We may terminate this agreement at will with prior written notice. If we fail to make a payment within a certain period after its due date, ImmuneSensor Therapeutics may terminate this agreement upon written notice immediately. ImmuneSensor Therapeutics may terminate this agreement on a country-by-country or region-by-region basis upon prior notice if we, our affiliates and sublicensees cease material development and commercialization activities with respect to all STING Compounds and STING Products directed to a country or region in the STING Territory for a certain period, subject to certain exceptions.

ImmuneSensor Therapeutics is founded by the technology from Dr. Chen Zhijian, professor at University of Texas Southwestern Medical Center ("UT-SW") and an HHMI investigator. The license agreement between UT-SW and ImmuneSensor Therapeutics (the "UT-SW Agreement") expressly allows sublicensing, which does not require prior written consent from UT-SW, as long as the sublicense does not exceed the scope of the UT-SW Agreement and the sublicense agreement expressly refers to the UT-SW Agreement. Both conditions are met by the agreement between ImmuneSensor Therapeutics and us. Accordingly, we do not believe that our sublicensing agreement with ImmuneSensor Therapeutics will expose us to potential legal risks from the UT-SW perspective.

Collaboration Arrangements

Contract Research Agreement with Abcom (GB223)

In November 2010, we entered into a contract research agreement with Abcom, pursuant to which Abcom will produce humanized anti-RANKL monoclonal antibodies using its proprietary platform in accordance with a specified timetable. In January 2015, we entered into a supplemental agreement with Abcom.

Pursuant to this agreement, we have paid Abcom an up-front payment in the amount of RMB1 million. We have paid Abcom milestone payments in the aggregate amount of RMB1.5 million after reaching certain research milestone events, and we are under no further obligation to make any milestone payments. In addition, we must pay Abcom mid-single digit percentage

royalties on the worldwide annual net sales of GB223 for eight years after GB223 is commercialized. If we decide to complete the research project by ourselves, rather than through any third party, Abcom's royalty rate will be increased by a low-single digit percentage. If we transfer or license the research project to any third party, we must distribute any transfer or license fees in the following order: RMB2.5 million to ourselves, RMB2 million to Abcom, 85% of any remaining payment to ourselves and 15% of any remaining payment to Abcom. If any transfer or license fees received is not in the form of cash, we and Abcom will share such fees at an 85:15 ratio.

We exclusively own all intellectual property rights, variety rights (including but not limited to IND approvals, NDA approvals and manufacturing authorizations), manufacturing and supply rights, and marketing and commercialization rights to the humanized and mouse monoclonal antibodies, DNA sequence and cell lines worldwide. We will apply for patents for the foregoing items in our own name and will solely own any issued patents. Abcom will own all intellectual property rights to its platform technology worldwide.

Pursuant to this agreement, Abcom is prohibited from researching or developing anti-RANKL antibodies using its proprietary platform either on its own or any third party's behalf without our consent.

We may apply for government grants and research awards on our sole discretion, and Abcom may be a joint applicant to such applications. Any resulting grants or awards will be shared by Abcom and us at a 2:8 ratio. We will solely own any government grants or awards for any subsequent applications after the completion of the research project under this agreement.

We may unilaterally terminate this agreement with a 30-day prior written notice. After the termination of this agreement, Abcom must transfer to us any existing research findings in relation to this research project.

Collaboration Agreement with NewBio Therapeutics (GB251)

In December 2013, we entered into a license and collaboration agreement with NewBio Therapeutics, whereby both parties agreed to collaborate to co-develop and commercialize GB251 worldwide.

Pursuant to the agreement, NewBio Therapeutics granted to us a worldwide, royalty-bearing, sublicensable license under its proprietary ADC technology (the "ADC Technology"), which includes ADC patents and ADC know-how, for all applications in the development and commercialization of GB251 (the "ADC License"). Within three years after the effective date of this agreement, NewBio Therapeutics is prohibited from developing any ADC products targeting HER2 for itself or any third parties without our written consent.

We may sublicense our rights under the ADC License to third parties solely for the purposes of developing, manufacturing and commercializing GB251 upon written notice to NewBio Therapeutics.

Under the agreement, we and NewBio Therapeutics established a joint development committee with equal representation from each party to, among other things, coordinate and oversee the development and commercialization regarding GB251. In the event that the joint development committee cannot make a decision unanimously, we will have the final authority to make the decision.

NewBio Therapeutics is responsible for the research and development of GB251. We are responsible for supplying the raw materials of GB221 and providing related technical support. We are also obligated to supply GB221 samples for pre-clinical study and IND applications.

NewBio Therapeutics will own the ADC Technology, including the underlying patents and rights to apply for patents. We will own all intellectual property that is directly related to the GB251 product. We also own the variety rights to the GB251 product and commercialization rights, including the rights to file IND applications, NDA applications and manufacturing authorizations in our own name, manufacturing and supply rights, and marketing and sales rights.

Under this agreement, we agreed to pay NewBio Therapeutics an aggregate of RMB2.5 million in R&D expenses in staged releases. We are also obligated to pay NewBio Therapeutics an aggregate of RMB37.0 million in milestone payments upon achieving certain regulatory milestones in China and an aggregate of US$8.5 million (or RMB equivalent) in milestone payments upon achieving certain regulatory milestones outside of China. Further, we agreed to pay NewBio Therapeutics royalties at mid-single digit percentages in respect of the total annual net sales of GB251 in China or any country or region outside of China until the later to occur of (a) the tenth (10th) anniversary of the first commercial sale of GB251 in China or such country or region outside of China (as applicable), and (b) the expiration date in China or any country or region outside of China (as applicable) of the last to expire patent claim that could maintain the market exclusiveness of GB251 in China. In the event that we sublicense our rights under the ADC License to a third party, we must pay to NewBio Therapeutics an amount equal to 20% of any up-front payments, milestone payments or royalty payments that we will receive from such third party. As of the date of this document, we have made R&D expense payments and milestone payments in the aggregate amount of RMB5.5 million to NewBio Therapeutics.

This agreement may be terminated by either party for the other party's uncured breach or in the event that this agreement has not been performed for longer than a consecutive 180-day period due to force majeure. We may unilaterally terminate this agreement upon prior written notice to NewBio Therapeutics. Unless this agreement is terminated due to our breach, the ADC License will remain effective even after the suspension, termination or expiration of this agreement.

In August 2020, we and NewBio Therapeutics entered into a supplemental agreement with respect to GB251. We will own all intellectual property rights to the clinical trial data generated pursuant to the original collaboration agreement and this supplemental agreement between NewBio Therapeutics and us, unless the collaboration is terminated primarily due to our fault, in which case all these intellectual property will be owned by NewBio Therapeutics.

Collaboration Agreement with Yoko Pharmaceutical (GB241)

In August 2012, we entered into a collaboration agreement with Yoko Pharmaceutical, whereby both parties agreed to collaborate to co-develop and commercialize GB241 in China.

Pursuant to the agreement, we are obligated to provide research site, equipment, research personnel and other essential items for the co-development of GB241. Yoko Pharmaceutical is obligated to pay any other costs and expenses in relation to the co-development. We are responsible for process development and pharmacology research in accordance with a specified timetable, which may be modified based on actual progress as agreed by both parties. We are also responsible for supplying sample drugs for pre-clinical and clinical research and for providing on-site technology validation support in relation to IND applications, and Yoko Pharmaceutical is responsible for the costs and expenses in relation to the production of the sample drugs. Pursuant to the agreement, Yoko Pharmaceutical is responsible for conducting all animal PK, PD and toxicology studies for IND applications. Yoko Pharmaceutical must organize the sales activities of GB241.

Yoko Pharmaceutical and us will jointly own all research findings under this co-development project, including all documentation, products, inventions and proprietary information, in China. We exclusively own all rights, including but not limited to all intellectual property, to the research findings under this co-development project outside of China. In China, if any patent issues with respect to any product, any party that waives its right to apply for the patent may exercise such patent right for free. Any patent application with respect to any product in China must be as mutually agreed to by both parties. Moreover, in China, Yoko Pharmaceutical and us jointly own the variety rights to any product. Yoko Pharmaceutical exclusively own all marketing and commercialization rights to GB241 in China.

Pursuant to this agreement, Yoko Pharmaceutical is obligated to pay tiered royalties on the annual net sales of GB241 at percentages ranging from mid-single digit to low-double digit. If both parties agree to license or transfer any research findings under this co-development project to any third party or otherwise jointly generate income through the research findings, Yoko Pharmaceutical and us will share any license fees, transfer payment or other income at a 8:2 ratio. Yoko Pharmaceutical made a R&D pre-payment in the amount of RMB1.2 million to us pursuant to this agreement.

We must transfer commercial-scale manufacture technology of GB241 to Yoko Pharmaceutical after GB241 is marketed so that Yoko Pharmaceutical could conduct commercial-scale manufacturing of GB241 on its own.

This agreement may be terminated by either party in the event that: (i) this agreement has not been performed for longer than 60 days due to force majeure and either party sends a written notice of termination, (ii) if the co-development project is not technologically feasible or practicable and either party sends a written notice of termination, or (iii) the co-development project becomes illegal. Before obtaining any IND approval in China, we may unilaterally terminate this agreement upon prior written notice to Yoko Pharmaceutical if: (x) Yoko Pharmaceutical wishes to terminate the co-development project or (y) Yoko Pharmaceutical breaches its payment obligations under this agreement and fails to cure such breaches with a specified period.

In January 2018, Yoko Pharmaceutical and us entered into a technology transfer supplemental agreement (the "Technology Transfer Supplemental Agreement") concerning our transfer of technology information and biological materials to Yoko Pharmaceutical after obtaining IND approval for GB241 in August 2016. Yoko Pharmaceuticals and us subsequently amended certain terms of the Technology Transfer Supplemental Agreement in March 2018. Pursuant to the Technology Transfer Supplemental Agreement, as amended, Yoko Pharmaceutical has paid us an aggregate amount of RMB5 million and is further obligated to pay us RMB4 million. Yoko Pharmaceutical or its affiliates will be obligated to pay us an additional RMB1 million within a certain period of time after it can successfully manufacture three batches of GB241 without our supervision based on our transferred manufacture process. Yoko Pharmaceutical is responsible for obtaining NDA approval and manufacturing authorization in China. All China intellectual property relating to GB241 and the NDA approval will be jointly owned by Yoko Pharmaceutical and us. The manufacturing authorization will be owned by Yoko Pharmaceutical. Yoko Pharmaceutical will be responsible for the manufacturing of trial samples of GB241 and the commercial manufacturing after launch. However, if Yoko Pharmaceutical requests us to provide trial samples of GB241, we must provide as requested, and all manufacturing-related costs will be boren by Yoko Pharmaceutical. Subject to applicable laws and regulations, Yoko Pharmaceitical may also request us to conduct commercial manufacturing of GB241 after launch in accordance with its specified requirements.

OUR PLATFORM

Our integrated biopharmaceutical therapeutic platform encompasses all the key biologic drug development functionalities, and enables us to identify and address potential CMC and clinical barriers early in the development process so we can direct our efforts towards molecules with the best potential to become clinically active, cost-effective and commercially viable drugs.

Since our inception, we have successfully built up the necessary capabilities of an integrated biologic platform company. These capabilities are currently housed in four main functional platforms: research, clinical development, CMC and business development. These individual functional platforms have been optimized and great attention has been given to building cross-function integration at key points in the lifecycle of a drug candidate. In

addition, an efficient operating system for these individual functional platforms has been built, laying a solid foundation for bringing our strong drug pipeline from inception through manufacturing and commercialization in the future.

The flow chart below illustrated the full development process involving our different functions:

Discovery and Research

The R&D process of our integrated platform starts with target identification, selection and validation. Led by our highly experienced scientific committee and scientific advisory board, we focus on identifying molecules with proven or highly potential efficacy as well as meaningful market opportunities. Thereafter, our discovery and research force is capable of leading the discovery and pre-clinical development of new drug candidates in five modalities, including small molecule drugs, innovative mAbs, bi-specific antibodies and ADCs as well as biosimilars. We have developed the majority of our 15 drug candidates in-house.

We use various antibody discovery and engineering technologies, either independently or in collaboration with third parties, to generate novel mAbs or bi-specific antibodies, evaluate their potential efficacy and eventually determine whether the antibodies can be further developed as therapeutics.

In particular, we generate bi-specific antibodies through our dedicated bi-specific antibody platform, by engineering two different monoclonal antibodies and assembling them into a single molecule. We strategically select novel and validated therapeutic targets that are expected to have synergistic effects in forming potential bi-specific antibody molecules. Moreover, we design our bi-specific antibodies based on extensive comparisons with the mechanisms of action and published clinical data of other similar molecules to achieve

well-balanced safety and efficacy profiles, overcome potential CMC barriers and ensure successful drug development processes. In particular, we design antibody sequences and conduct sequence optimization for safety, efficacy and manufacture-ability using computer simulation and modeling and confirm with experimental data, enabling our bi-specific antibodies to become powerful therapeutic candidates and bring clinical benefits to patients. Moreover, the CAAD capabilities of our bi-specific antibody platform are able to significantly improve heterodimer formation. CAAD has been used for Fv modeling, 1D and 3D sequence analysis and optimization to produce pre-forms and final forms of mAb candidates that are improved and balanced for several steps such as humanization, immunogenicity, affinity, expression, drug feasibility and stability. The Company's bi-specific antibody platform used CAAD bioengineering for protein structure optimization based on clinical data (if any) in the past to solve issues of biological mechanisms (MOA), and it continues to select and optimize future candidates to ensure multiple forms of drug feasibility with maximized efficacy and speed. Our bi-specific antibody platform is based in San Francisco, United States and is operated by a highly experienced team led by cancer biologist Dr. Yue Liu with extensive knowledge in both traditional antibody discovery technologies, such as hybridoma and phage display, and novel technologies, such as CAAD.

Dr. Yue Liu has extensive experience in cancer biology and neurodegenerative diseases. Prior to joining ABS, Dr. Liu worked at Elan Corporation plc, and subsequently at Prothena Corporation plc. Dr. Liu received her Ph.D. in microbiology and infectious diseases in 2002 from Universite de Sherbrooke, Quebec, Canada, her M.Sc. in internal medicine, hematology in 1997 from Soochow University, Jiangsu, China, and her B.Sc. in zoology in 1992 from Nanjing University, Jiangsu, China. We are currently expanding and will continue to expand talents in our bi-specific antibody research team to strengthen our bi-specific antibody discovery and development capabilities for novel therapeutics.

With respect to ADCs, our advantage lies in our innovative linkers that facilitate the conjugation of anti-mitotic toxins (MMAE) to antibodies and in the meantime, dictate the release mechanism of ADCs, largely contributing to the efficacy of and low toxicity of the complex.

Our biosimilar research is driven by our cost-effective, high-yield CMC capabilities. We confirm the similarity of our biosimilar candidate with the reference product by conducting (1) analytical studies for functional and structural characterization at various stages of the manufacturing process, (2) pre-clinical animal studies, (3) a clinical pharmacology study (a human PK/PD equivalence study), and (4) a confirmatory comparative pivotal clinical study in a representative indication evaluating safety, efficacy and immunogenicity. We apply our integrated platform to these key steps to support regulatory approvals for our biosimilar drug candidates.

Our research function is led by a key management team experienced with drug discovery and development and consists of 259 employees as of 31 May 2020. Members of our research team generally have medicine, chemistry, biotechnology, pathology, immunology and *in vivo* pharmacology backgrounds. Our typical drug discovery and development project team brings

together relevant specialists from across our Company, as needed, throughout the development of a drug candidate. This includes ongoing involvement of our CMC function to identify, at an early stage, characteristics of a drug candidate that could hamper clinical trials or impede efficient manufacturing of a drug candidate so these issues can be addressed efficiently before the drug candidate progresses to the next stage of development.

Chemistry, Manufacture and Controls

Led by Dr. Steven Kan, this aspect of our platform covers CMC functions, including process development and analytical science. We have established a comprehensive, product-oriented platform that facilitates drugability assessment, high expression production cell line development, cell culture, purification, formulation and fill/finish process development and scale-up, analytical development, technology transfer, commercial manufacturing, and quality control. With our experienced in-house team and proprietary know-how, we are able to advance drug candidates through entire development cycle efficiently and effectively, and drive our titer and yield to the high-end of the industry average for clinical and commercial manufacturing.

We operate our manufacturing facilities in both Shanghai and Yuxi, Yunnan. From our inception, we have focused on constructing and operating manufacturing facilities that are designed according to good manufacturing practice (GMP) standard.

- *Yuxi Facilities:* Our Yuxi facilities have approximately 8,000 m^2 of floor space and currently house our production facilities with three 200L and four 500L disposable bioreactors. The disposable bioreactors are commercially available products that we purchased from their manufacturers and they could be used in either concentrated fed-batch mode, which is our know-how, or perfusion mode. Both technologies allow us to achieve higher titer and yield than the conventional fed-batch technology, enabling us to drive the high-end of the industry average. We expect our existing facilities to be able to support our commercial manufacturing needs for the next three to five years for, including but not limited to, our first two or three products, namely, GB226, GB221 and GB242. Also, materials for our Phase 3 clinical studies are manufactured at the Yuxi facilities. We plan to conduct phase 2 expansion of our Yuxi facilities.

- *Shanghai Facilities:* Our Shanghai facilities currently house two 250L disposable bioreactors, mainly used for manufacturing Phase 1/2 trial materials.

Manufacturing is subject to extensive regulations that impose various procedural and documentation requirements governing record keeping, manufacturing processes and controls, personnel, quality control and quality assurance, among others. Our manufacturing facilities are designed to operate under GMP requirements. We hold, and our Yuxi manufacturing facilities operate under, a pharmaceutical manufacturing license issued by the Yunnan Provincial Food and Drug Administration.

Clinical Development

The clinical development function of our platform manages clinical trials, including clinical trial design, implementation, and the collection and analysis of trial data. We strategically design the clinical trials of our drug candidates, critically select the registration pathways, diligently conduct our clinical trials to ensure speed of execution and data quality, and maintain constructive dialogues with the regulatory authorities to achieve optimal clinical efficacy, and accelerate the approval process of our drug candidates.

As of the Latest Practicable Date, we had designed and implemented 17 clinical studies, with two NDAs expected to be filed with the NMPA, four INDs to be filed with the NMPA and the FDA in the next 12 to 18 months, excluding out-licensed drug asset, and one NDA recently accepted for review by the NMPA. Our clinical development team consisted of 46 members in clinical operation and 10 members in regulatory affairs as of 31 May 2020.

Clinical Operations

Our clinical development function has entered into long-term partnerships with numerous hospitals and principal investigators located in different regions of China that offer us readily available clinical trial facilities and services. We believe the size and geographic diversity of these facilities provide us a significant advantage in implementing large-scale clinical trials and also enable us to conduct multiple clinical trials concurrently. In addition, we maintain a strong network and close communications with the key opinion leaders.

We use contract research organizations, or CROs, and consultants that manage, conduct and support our clinical trials and/or pre-clinical studies in China and in the United States. We selected our CROs weighing various factors, such as their qualifications, professional experience and industry reputation. Generally, we enter into a research and development contract with a CRO for an individual project. We supervise these third-party service providers to ensure that they perform their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the data resulting from our trials and studies.

Key terms of an agreement we typically enter into with our CROs are summarized as below:

- *Services*. The CRO provides us with services related to a pre-clinical or clinical research project as specified in the agreement or a work order.

- *Term*. The CRO is required to complete the pre-clinical or clinical research project within the prescribed time limit.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule agreed by the parties.

- *Intellectual property rights*. We own all intellectual property rights arising from the pre-clinical or clinical research project.

Regulatory Affairs

The clinical development function also manages the regulatory submission process for our drug candidates, which require filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. The clinical development function prepare and manage regulatory filings by drafting filing dossiers, addressing regulatory questions and conducting GMP readiness assessments for our drug candidates. We possess extensive knowledge and experience with regard to regulatory filings in China and the United States.

The regulatory team is led by Ms. Cheery Chen. Ms. Chen has over 20 years of regulatory affairs experience in the pharmaceutical industry. She joined our Company as VP, Regulatory Affairs in July 2019. She leads the regulatory team focusing on new product registration and pipeline asset regulatory assessment for all therapeutic areas and on strengthening proactive dialog and communication strategies with regulatory authorities. Prior to joining our Company, Ms. Chen worked at AbbVie for 14 years, where she was the Head of Regulatory Affairs of China and Hong Kong, leading the regulatory strategy development and regulatory activities for all new products and established products and building a strong regulatory team in both China and Hong Kong affiliates to accelerate product registration. Before that, Ms. Chen worked at Alcon as a registration manager. Ms. Chen earned a Bachelor's Degree in Basic Medicine from Beijing Union University and a Postgraduate Degree in Commercial Economy from the Academy of Social Sciences. Ms. Chen also completed a Postgraduate Course Program of Clinical Pharmacy at Peking University.

Business Development

Led by Dr. Qiyong Hu, our strategy and business development team encompasses the exploration of global and local cooperation opportunities with other industry players. These opportunities may include co-development, in-licensing and out-licensing arrangements. For example, we may fully capitalize on our strong R&D capabilities by in-licensing high potential drug candidates to enrich and supplement our existing drug pipeline and bring first-in-class or best-in-class therapies to the China market. Thus far, we have a proven track record of collaborating with biopharmaceutical and biotechnology companies across the globe, including Chi-Med, Immvira, G1 Therapeutics and ImmuneSensor Therapeutics, which underscores our credibility with global biopharmaceutical and biotechnology companies and paves the way for long-term collaborations. In addition, we are taking advantage of the global network and industry resources of our shareholder, a world-class strategic investor with profound life science expertise.

Commercialization

We intend to commercialize our drug candidates in China, if approved, with a direct sales force to cover key hospitals in top-tier cities, complemented by strategic partnerships that penetrate into lower-tier cities. We are actively building a commercialization team to prepare for the commercial launch of our first drug product after obtaining regulatory approval, which

will include sales and marketing and medical affairs staff and be complemented with a channel management team. Product line-wise, we will initially build a commercialization team focusing on PD-1 and breast cancer drug products. We expect to have a 150 to 300-member commercialization team for our initial launch of GB226 towards the end of 2021. We intend to join the NRDL negotiation for the incorporation of GB226 in the near future. We may further expand our commercialization team to meet the demand of additional product launches in 2022, including GB221 and GB242.

CUSTOMER

During the Track Record Period, we derived all of our revenues from providing research and manufacturing services to customers, primarily pharmaceutical and biotechnology companies, under fee-for-service contracts. The services provided by us were unbundled and paid for separately by our customers, including pre-formulation, formulation development, stability studies, method development, and manufacturing materials for pre-clinical and clinical use. We expect to provide less research and manufacturing services as our clinical trials progress and we launch our drug products, and revenues generated from fee-for-service contracts will not be a significant source of income for our Company.

For the two years ended December 31, 2018 and 2019, our five largest customers contributed to 88.62% and 88.51% of our total revenue, respectively, while our largest customer contributed to 28.63% and 27.61% of our total revenue in the same periods, respectively. For the three months ended 31 March 2020, we did not generate any revenue.

The tables below set forth the top five customers for each year during the Track Record Period.

Year ended 31 December 2018	**Sales amount** *(RMB'000)*	**% of total sales**	**Products sold**	**Customer background**
Customer A	1,970	28.63	CDMO services	Biopharmaceutical company based in Shanghai and wholly-owned by a company listed on the Stock Exchange
Customer B	1,805	26.23	CDMO services	Medicine production and biopharmaceutical company listed on the Shenzhen Stock Exchange

Year ended 31 December 2018	Sales amount *(RMB'000)*	% of total sales	Products sold	Customer background
Customer C	943	13.70	CDMO services	Biopharmaceutical company focused on development and commercialization of novel cancer drugs based in Shanghai
Customer D	924	13.43	CDMO services	Biopharmaceutical company based in Nanjing
Customer E	457	6.64	CDMO services	Electronic and optoelectronics research and development company, a China-based subsidiary of a global energy conglomerate listed on the New York Stock Exchange

Year ended 31 December 2019	Sales amount *(RMB'000)*	% of total sales	Products sold	Business scope of customer
Customer F	3,600	27.61	CDMO services	Biopharmaceutical company based in California
Customer C	2,874	22.04	CDMO services	Biopharmaceutical company focused on development and commercialization of novel cancer drugs based in Shanghai
Customer D	1,887	14.47	CDMO services	Biopharmaceutical company based in Nanjing
Customer G	1,724	13.22	CDMO services	Biopharmaceutical company based in Shanghai
Customer B	1,456	11.17	CDMO services	Medicine production and biopharmaceutical company listed on the Shenzhen Stock Exchange

During the Track Record Period, all of our five largest customers were independent third parties of the Group, and none of our Directors or, to their knowledge, their associates or any Shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest customers.

RAW MATERIALS AND SUPPLIERS

We develop cell lines either independently or in collaboration with third parties when we begin discovery and development on a new drug candidate.

We procure equipment for the development and manufacture of our drug candidates from industry-leading, highly reputable manufacturers and suppliers around the world.

We use contract research organizations, or CROs, and consultants that manage, conduct and support our clinical trials and pre-clinical studies in China and in the United States. For further details, see "– Our Platform – Clinical Development."

For the two years ended December 31, 2018 and 2019 and the three months ended 31 March 2020, our five largest suppliers contributed to 32.94%, 39.83% and 47.28% of our total purchases (excluding value added tax), respectively, while our largest supplier contributed to 10.92%, 21.86% and 28.11% of our total purchases (excluding value added tax) in the same periods, respectively. Purchases included raw materials, third-party contracting services for research and development purposes, machines and equipment and administrative services.

The tables below set forth the top five suppliers for each year/period during the Track Record Period.

Year ended 31 December 2018	**Purchase amount (not including value added tax)** *(RMB'000)*	**% of total purchases**	**Products sourced**	**Supplier background**
Supplier A	20,432	10.92	CRO, SMO, central laboratory services, imaging analysis, clinical audit, IT and research services	CRO services provider listed on the Shenzhen Stock Exchange
Supplier B	13,895	7.42	Rental and energy consumption services	Owner of a biological research and development industrial park

Year ended 31 December 2018	Purchase amount (not including value added tax) *(RMB'000)*	% of total purchases	Products sourced	Supplier background
Supplier C	13,393	7.16	Reference drugs and laboratory reagents	Subsidiary of a pharmaceutical products company listed on the Shanghai Stock Exchange
Supplier D	7,185	3.84	Technology development, rental and energy consumption services	Biological pharmaceutical company listed on the Shenzhen Stock Exchange
Supplier E	6,761	3.61	Laboratory reagents and supplies	Import services provider for research and development based in Yunnan

Year ended 31 December 2019	Purchase amount (not including value added tax) *(RMB'000)*	% of total purchases	Products sourced	Business scope of supplier
Supplier A	73,812	21.86	CRO, SMO, laboratory, imaging analysis, central laboratory services, clinical audit, research and security services and IT services	CRO services provider listed on the Shenzhen Stock Exchange
Supplier F	30,894	9.15	Reference drugs	Online healthcare services provider based in Beijing

Year ended 31 December 2019	Purchase amount (not including value added tax) *(RMB'000)*	% of total purchases	Products sourced	Business scope of supplier
Supplier B	15,645	4.63	Rental and energy consumption services	Owner of a biological research and development industrial park
Supplier D	7,371	2.18	Technology development services, rental and energy consumption services	Biological pharmaceutical company listed on the Shenzhen Stock Exchange
Supplier G	6,754	2.00	Reference drugs	Provider of medicines and pharmacy services based in Beijing

Three months ended 31 March 2020	Purchase amount (not including value added tax) *(RMB'000)*	% of total purchases	Products sourced	Business scope of supplier
Supplier A	19,310	28.11	CRO, SMO, central laboratory services, imaging analysis, clinical audit, research, security services and IT services	CRO services provider listed on the Shenzhen Stock Exchange
Supplier F	4,672	6.80	Reference drugs	Online healthcare services provider based in Beijing

Three months ended 31 March 2020	Purchase amount (not including value added tax) *(RMB'000)*	% of total purchases	Products sourced	Business scope of supplier
Supplier B	4,068	5.92	Rental and energy consumption services	Owner of a biological research and development industrial park
Supplier H	2,345	3.41	Pre-clinical CRO services	Developer of novel therapeutic antibodies based in the United States
Supplier I	2,083	3.03	Information technology services	China-based subsidiary of a global technology and manufacturing conglomerate listed on the New York Stock Exchange

One of these largest suppliers during the Track Record Period was Walvax, which controlled approximately 10.44% of our issued share capital through Walga as of the Latest Practicable Date, and its subsidiaries. Other than these supplier, during the Track Record Period, none of our Directors or, to their knowledge their associates or any Shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest suppliers.

We have established relationships with preferred suppliers of raw materials for our manufacturing activities who we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these raw materials. We will establish necessary relationships with these alternative sources based on supply continuity risk assessment. We currently order some of our raw materials and services from suppliers with whom we have signed long-term supply contracts, and we order the rest of our raw materials and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

AWARDS AND RECOGNITIONS

A summary of the key research grant that we have received is set forth in the table below:

Grant Type	Grant Institution	Project Name	Date of Grant	Approved Grant Amount
2019 National Major Scientific and Technological Special Project for "Significant new drugs Development"	National Health Commission of the PRC	Research and development of personalized antibody drugs and their accompanying molecular diagnostic reagents (個性化抗體藥物及其伴隨分子診斷試劑研發)	December 2019	RMB170.1 million[(1)]

Note:

(1) In 2019, we and seven independent biological research companies or institutions (the "Research Partners") jointly entered into an agreement with the National Health Commission of the PRC (the "NHC") in relation to a major new drug development project. In December 2019, we, as the leader of the project, received RMB170.1 million from the NHC, out of which RMB132.7 million was granted and payable to the Research Partners while the remaining RMB37.4 million was granted to us.

COMPETITION

Our industry is highly competitive and subject to rapid and significant change. While we believe that our integrated platform, our robust pipeline of drug candidates in clinical and pre-clinical trials and our experienced leadership team provide us with competitive advantages, we face potential competition from many different sources working to develop therapies targeting the same indications against which we develop our drug candidates. These include major pharmaceutical companies, such as Merck, Bristol-Myers Squibb, Roche, Jiangsu Hengrui, Qilu Pharmaceutical and Hisun Pharmaceutical, specialty pharmaceutical and biotechnology companies, such as BeiGene, Junshi and Henlius, and academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete both with existing drugs and with any new drugs that may become available in the future.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover adverse events in clinical trials. We do not maintain product liability insurance or key-man insurance.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of 31 May 2020:

Function	Number	% of Total
Research and Development	259	66.9%
Clinical Development	56	14.5%
General and Administrative	69	17.8%
Total	387	100.0%

As of the 31 May 2020, we had 241 employees in Shanghai, 143 employees in Yuxi, Yunan and three employees in San Francisco, United States. Among our R&D and clinical development employees, 80 hold master's degrees and above. All of the three employees in San Francisco, United States serve R&D function and hold Ph.D. degrees. Their experiences encompass cancer biology, biochemistry, immunology/immune-oncology, molecular biology, antibody discovery, engineering, humanization and optimization, molecular modeling and computer aided design.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for at least two years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, please refer to the section headed "Directors and Senior Management".

None of our Company or any of our subsidiaries have any labor union. 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.

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 and to maintain certain requisite qualifications, such as GMP. Given our emphasis on operating an integrated platform for our drug development processes, some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

Employee Benefits

Our employees' remuneration comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, 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 applicable to us under Chinese laws in all material aspects.

LAND AND PROPERTIES

We are leasing approximately 7,000 m^2 of space in Shanghai where our Company is based, which we use for research, manufacturing and administrative functions. The relevant rental agreements provide rental terms that expire in March 2022. We are also leasing office space in Beijing for administrative functions and the rental term provided by the rental agreement expires in February 2021. In addition, ABT is leasing office space and laboratory space in San Francisco, United States for bi-specific antibody research and administrative functions and the rental term provided by the rental agreement expires in September 2020.

We built our manufacturing facilities in Yuxi, Yunnan at approximately 8,000 m^2 of space, which we are leasing from Yuxi Walvax. The relevant rental agreements provide rental terms that expire between October 2021 and December 2029. We plan to initiate phase 2 expansion in the near future. Our Yuxi facility includes warehouses for storing drugs and chemicals and quality inspection facilities.

INTELLECTUAL PROPERTY

We own all key intellectual property rights of our innovative drugs and own process patents for biosimilar drug candidates. Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, our owned patent portfolio consisted of 25 patents and 14 patent applications relating to certain of our drug candidates and technologies, including five Patent Cooperation Treaty ("PCT") patent applications, six PRC patent applications and three patent applications in other jurisdictions. In addition, as of the Latest Practicable Date, we in-licensed the exclusive China rights relating to seven issued patents and 10 pending patent applications and the exclusive rights relating to 15 issued patents and 38 pending patent applications in other jurisdictions. We are also pursuing additional patent protection for these drug candidates and technologies, as well as for other of our drug candidates and technologies.

As of the Latest Practicable Date, in relation to our three Core Products, we own five issued Chinese patents, three pending Chinese patent applications and two pending PCT applications, among others. The patent portfolios for our three Core Products and four other clinical stage drug candidates as of the Latest Practicable Date are summarized below:

GB226. We co-own with Guangzhou Institutes of Biomedicine and Health, Chinese Academy of Sciences one pending Chinese patent application directed to GB226 used in combination with an AIDS vaccine pursuant to our collaboration agreement with a biopharmaceutical company based in Shanghai and Guangzhou Institutes of Biomedicine and Health, Chinese Academy of Sciences. Any patent that may issue from the currently pending Chinese patent application would be expected to expire in June 2038. We do not own the IP rights of GB226 in terms of its composition and oncology indications in China.

GB221. We own three issued Chinese patents directed to GB221. The expected expiration dates for the issued Chinese patents are in September 2027, December 2031 and December 2031. We own one pending Chinese patent application and one pending PCT patent application directed to GB221. Any patents that may issue from the currently pending Chinese patent application and PCT patent application would be expected to expire in March 2038 and March 2039.

GB241. We own one issued Chinese patents directed to GB241. The expected expiration for the issued Chinese patent is in October 2031. We own one pending Chinese patent application directed to GB241. Any patent that may issue from the currently pending Chinese patent application would be expected to expire in December 2038.

GB242. We own two issued Chinese patents related to GB242. The expected expiration dates for the issued Chinese patents are in October 2031 and April 2035. We own one pending Chinese patent application and one pending PCT patent application related to GB242. The expected expiration for any patents that may issue from the currently pending Chinese patent application and PCT patent application is in March 2038 and March 2039.

GB223. We own three issued Chinese patents, one issued U.S. patent and one issued EU patent directed to GB223. The expected expiration for the issued Chinese patents is in December 2033, December 2034 and December 2035. The expected expiration for the issued U.S. patent is in December 2034. The expected expiration for the issued EU patent is in December 2034. We own one pending Chinese patent application and one pending EU patent application directed to GB223. Any patents that may issue from the currently pending Chinese patent application and EU patent application would be expected to expire in December 2034.

GB222. We own one pending Chinese patent application directed to GB222. The expected expiration for any patents that may issue from the currently pending Chinese patent application is in December 2036.

We do not own any issued patent or patent application directed to GB491, GB492 or GB224.

The following table summarizes the details of the granted patents and the filed patent applications owned by us or shared with our collaborators on our three Core Products and other clinical stage drug candidates:

Summary of patents and patent applications of our Core Products and other clinical stage drug candidates

Product	Scope of Patent Protection	Jurisdiction	Status	Patent Expiration	Eligibility for Patent Renewal/ Extension
GB226	Combination of PD-1 signal pathway inhibitor and AIDS vaccine	China	Pending	NA	NA
GB221	Breast cancer immunodeficiency animal model and preparation method thereof	China	Granted	4 September 2027	No
	Methods for purifying anti-HER2 or/and anti-HER3 antibody proteins	China	Granted	28 December 2031	No
	Novel freeze-dried protein compositions and preparation method	China	Granted	28 December 2031	No
	Upstream phase-retention production method for biomacromolecules, production module and use in production	China	Pending	NA	NA
	Upstream phase-retention production method for biomacromolecules, production module and use in production	PCT	Pending	NA	NA
GB241	Methods for detecting activities of anti-CD20 monoclonal antibodies	China	Granted	8 October 2031	No
	Glycomodificaiton of antibodies	China	Pending	NA	NA
GB242	A magnetic bead method for extracting residual DNA from recombinant protein products	China	Granted	8 October 2031	No
	An internal standard indicator applied to capillary gel electrophoresis	China	Granted	29 April 2035	No
	Upstream phase-retention production method for biomacromolecules, production module and use in production	China	Pending	NA	NA
	Upstream phase-retention production method for biomacromolecules, production module and use in production	PCT	Pending	NA	NA
GB223	Anti-RANKL antibodies	China	Granted	30 December 2033	No

Product	Scope of Patent Protection	Jurisdiction	Status	Patent Expiration	Eligibility for Patent Renewal/ Extension
	Anti-RANKL antibodies, pharmaceutical compositions and uses thereof	China	Granted	27 December 2034	No
	Anti-RANKL antibodies, pharmaceuical compositions and uses thereof	China	Granted	7 December 2035	No
	Anti-RANKL antibodies, pharmaceutical compositions and uses thereof	EU	Granted	22 December 2035	Yes
	Anti-RANKL antibodies, pharmaceutical compositions and uses thereof	China	Pending	NA	NA
	Anti-RANKL antibodies, pharmaceutical compositions and uses thereof	EU	Pending	NA	NA
	Anti-RANKL Antibodies, pharmaceutical compositions and use thereof	U.S.	Granted	28 December 2034	Yes
GB222	Method for effectively removing host protein (HCP) during downstream purification of monoclonal antibody	China	Pending	NA	NA

The terms of individual patents may vary based on the countries in which they are obtained. In most countries in which we file patent applications, including China and the United States, the term of an issued patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. In the United States, an issued patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office, or USPTO, in excess of a patent applicant's own delays during the prosecution process. Alternatively, the term of a US patent may be shortened if the patent is terminally disclaimed over, and will expire on the same day as, a commonly-owned patent having an earlier expiration date.

In addition, with respect to any issued patents in the United States and European Union, we may be entitled to obtain an extension of the patent's term from the respective government agencies that review and approve new drug applications (NDAs) provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting an NDA approval from the FDA. However, a patent term extension

cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Japan is another country where similar patent term extension is currently available, and Japan appears to have harmonized the major components of its patent term extensions with those of the U.S. and European Union, with the extension to be least two years.

Further, both the United States and European Union provide regulatory marketing exclusions that can be added on to existing exclusivity already available to an approved drug, when such a drug is developed for treating an orphan disease or a pediatric disease.

The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisers and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we used to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

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 – Risk Related to Our Intellectual Property" for a description of risks related to our intellectual property.

We conduct our business under the brand name of "Genor" ("嘉和"). As of the Latest Practicable Date, we had primarily registered 46 trademarks in China.

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 "– Licensing and Collaboration Arrangements – Collaboration Arrangements."

The following table summarizes the patents and patent applications granted to us for our in-licensed or co-developed drug candidates under in-licensing or co-development agreements. No other patents or patent applications are granted to us under our in-licensing or co-development agreements.

Summary of patents and patent applications granted to our Company under in-licensing or co-development agreements

Product	Scope of Patent Protection	Country	Status	Applicant(s)
GB251	Tridentate connexon and use thereof	China EU U.S.	Issued Issued Substantive examination	Newbio Therapeutics
GB224	Antigen binding polypeptides of camel family animal sources	China	Substantive examination	ARGEN-X.VN
	IL-6 binding molecules	China	Issued	
GB226	Anti-PD-1 antibodies	China	Substantive examination	Crown Bioscience (Taicang)

Product	Scope of Patent Protection	Country	Status	Applicant(s)
GB261 and Bi-specific/ PD-L1×CD55	Bispecific antibodies and uses thereof	Japan	Pending	ABS (patent rights jointly owned by ABS and ABT)
		South Korea	Pending	ABS (patent rights jointly owned by ABS and ABT)
		U.S.	Pending	ABS (patent rights jointly owned by ABS and ABT)
		EU	Published	ABS (patent rights jointly owned by ABS and ABT)
		China	Published	ABS (patent rights jointly owned by ABS and ABT)
		PCT	Published	ABT
		PCT	Unpublished	ABT
GB491	CDK inhibitors	Australia	Three issued and one published	G1 Therapeutics
		China	Two issued	
		Hong Kong	One issued and one unpublished	
		Korea	Two issued and one published	
		Macau	Issued	
		Singapore	Two issued	
	Pyrrolopyrimidine fused piperazinone compounds as CDK inhibitors	India	Issued	
	For the regulated treatments of HSPC of Rb positive abnormal cell proliferations	China	One issued and one published	
	HSPC-sparing treatments for RB-positive abnormal cellular proliferation	Hong Kong	One issued and one published	
		Macau	Issued	
	Efficient anti-superfluous raw agent and anti-proliferative agent	China	Issued	

Product	Scope of Patent Protection	Country	Status	Applicant(s)
	Synthesis of N-(heteroaryl)-pyrrolo[3,2-d]pyrimidin-2-amines	Australia	Published	
		China	Published	
		Hong Kong	Published	
		India	Published	
		Korea	Published	
		New Zealand	Published	
	Morphic forms of GIT38 and methods of manufacture thereof	Australia	Published	
		China	Published	
		India	Published	
		Korea	Published	
		New Zealand	Published	
	With the cancer of less side effect treatment EGFR-driving	China	Published	
	G1t38 superior dosage regimes	PCT	Published	
	Treatment of cancers having driving oncogenic mutations	PCT	Published	
	Improved synthesis of 1,4-diazaspiro[5.5]undecan-3-one	PCT	Published	
	Targeted treatment of cancers with mutations of the fibroblast growth factor receptor	U.S.	Unpublished	
GB492	Pharmaceutical targeting of a mammalian cyclic di-nucleotide signaling pathway	Australia	One issued and one published	The Board of Regents of the University of Texas System
		China	One issued and one published	
		Hong Kong	Unpublished	
		Korea	One issued and one published	
	Cyclic di-nucleotide compounds and methods of use	Australia	Published	ImmuneSensor and University of Texas System
		China	Published	
		Hong Kong	Published	
		India	Published	
		Korea	Published	
		New Zealand	Unpublished	
		Singapore	Two published	

As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

See "Statutory and General Information – Further Information about Our Business – 2. Intellectual Property Rights" for further information in Appendix IV.

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees, patients and communities. We have implemented company-wide policies, standards and procedures to ensure that we meet the environmental, health and safety protection requirements in relation to emissions of air, water and other media; waste water generation and treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; worker health and safety requirements; third party safety management; emergency planning and response; and product stewardship.

Our quality control department is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed and shared by separate teams in the quality control department through training; formulation and implementation of strategies, policies, standards and metrics; communication of environmental, health and safety policies and procedures; environmental, health and safety audits; and incident response planning and implementation.

Our manufacturing facilities produce no significant waste products other than water exiting our bioreactors, which is transferred to waste disposal facilities to be treated before being discharging into the city sewer system.

We have not had any significant workplace accidents in our history.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were not a party to any actual or, to our best knowledge, threatened material legal or administrative proceedings.

Our Executive Director and Chief Executive Officer, Dr. Guo Feng was recently alleged by a former employer (a China-based pharmaceutical company) to have used or disclosed proprietary information in breach of non-disclosure obligations to advance the clinical development of one of our drug candidates, GB491 (CDK4/6 inhibitor) that we in-licensed from G1 Therapeutics in June 2020. Dr. Guo strenuously denies the allegations and maintains that he has not engaged in any actions in breach of the employment contract with his former employer, and in particular that there was no disclosure of propriety information obtained during the course of his prior employment that amounts to "trade secrets" that could have been leveraged to further the development of GB491. Taking into account that GB491 was at all relevant times in a more advanced clinical development stage than the product that the former employer was developing and that the clinical trial design and target indications of the two products are substantively different, we believe that the allegations are ill-founded. Furthermore, the discussions regarding our in-licensing arrangement and clinical development plan with G1 Therapeutics were initiated independently by us well in advance of Dr. Guo joining us, led by our Chief Strategy Officer and Chief Financial Officer.

We have reviewed the written records surrounding Dr. Guo's resignation from prior employment, including but not limited to the employment contract and notice of resignation, and obtained representations and confirmations from Dr. Guo in response to key statements set out in the allegations. In addition, leveraging on CIC's industry expertise and independent analytical skills and resources, we consulted CIC to understand the difference in chemical structure, clinical development stage, pre-clinical and clinical data availability, target indications, and clinical trial design of the two products in question. We have also sought our PRC legal advisor's advice on the merits and grounds of the allegations. Considering that Dr. Guo's former employer failed to (i) specify the so-called "trade secrets" alleged to be infringed, the commercial value of the information that may constitute "trade secrets", or the relevant confidentiality measures taken to protect the so-called "trade secrets", all of which are the legal components constituting "trade secrets" under PRC laws; (ii) provide details on the disclosure of any proprietary information involving CDK4/6 by Dr. Guo to the Company; (iii) raise any damages incurred or establish causation between such damage and the alleged infringement; (iv) provide any evidence to support any of such allegations, our PRC legal advisor was of the view that the allegations are factually unfounded and fail to establish any infringement liability under applicable PRC laws and regulations. After due and careful inquiry, nothing has come to the attention of our Directors or the Joint Sponsors to suggest that the allegations have any reasonable basis and merit or that the incident is material to us.

However, we cannot rule out the possibility that litigation may be required to defend against the allegations. There is also no assurance that our Company will not become involved in any related proceedings. As of the Latest Practicable Date, no litigation or legal proceedings have been brought against Dr. Guo or our Company in connection with the allegations. We will firmly and strenuously defend any allegations against us in the event that any litigation or legal proceedings are brought against us. We also consulted our consultant as to intellectual property matters who had reviewed the operating terms of the licensing agreement between the Company and G1 Therapeutics and we are of the view that even if a potential litigation is initiated against us, it will not adversely impact the validity of the licensing agreement between our Company and G1 Therapeutics, nor will it constitute a ground of termination by G1 Therapeutics under the licensing agreement. Specifically, our consultant as to intellectual property matters noted that (i) the licensing agreement between G1 Therapeutics and us covers patents and know-how developed by G1 Therapeutics, which is completely free from any alleged "trade secrets" or information owned by Dr. Guo's former employer or alleged to have been infringed; (ii) according to the terms of the licensing agreement, G1 Therapeutics has limited grounds for termination and none of such termination grounds are related to or based on a situation or event resembling the current allegations; and (iii) assuming the allegations were true (which Dr. Guo and our Company affirmatively deny in every count), the remedies available to Dr. Guo's former employer will not include termination or invalidation of the licensing agreement between G1 Therapeutics and our Company as the licensing agreement is not based on and does not involve any of the so-called "trade secrets" as alleged.

See "Risk Factors – Risks Related to Our Intellectual Property – If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We also may be subject to claims that our employees, consultants, or advisers have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property" for details of the potential risks involved.

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.

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.

The following table set forth the major licenses, permits and certificates for our business operations in the PRC as of the Latest Practicable Date.

Holder	License/ Permit/ Certificate	Issuing Body	Effective Date	Expiration Date
Yuxi Genor	Drug Manufacturing Permit (藥品生產許可證)	Yunnan Provincial Food and Drug Administration	1 January 2016	31 December 2020

We had not encountered any difficulties in renewing our permits and licenses during the Track Record Period and our Directors are of the view that we will be able to timely renew our soon-to-expire permits and licenses.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global biologic markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other pharmaceutical companies. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information – Quantitative and Qualitative Disclosure about Market Risk" for a discussion of these market risks.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies.

The following key principles outline our Group's approach to risk management:

- Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy; (ii) discussing with senior management to ensure that effective risk management system is in place; and (iii) evaluating any major investigation findings on risk management and internal control and our senior management's responses to these findings.

- Our audit department is responsible for establishing our risk management system and supervising and evaluating its operations.

- The relevant departments in our Company, including but not limited to the finance department, the marketing department and the legal department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks; (iii) regularly prepare risk management reports for the audit department's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

We are committed to creating a culture of compliance within our Company, embedding compliance into everyday workflow and setting the foundation and expectations for individual behavior across our Company. To achieve a culture of compliance, we have resources in place to keep our management abreast of new developments, meet deadlines, and understand complex rules in a timely manner allowing them to make well-informed decisions to better mitigate regulatory risk. Our management regularly communicate the expectations, policies and procedures that employees are expected to understand and practice daily. We also ensure that our employees are educated on our internal policies and external regulations in a regular and influential way.

Internal Control

In preparation for the Listing, we engaged an independent third party consultant (the "Internal Control Consultant") to perform a review of selected areas of our internal control over financial reporting in October 2019 (the "Internal Control Review"). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us, the Joint Sponsors and the Internal Control Consultant. The selected areas of our internal control over financial reporting that have been reviewed by the Internal Control Consultant included both entity level controls and business process level controls, which included procurement management, research and clinical trial management, inventory management, asset management, HR management, intellectual property management, treasury management, insurance management, financial reporting management, tax management, production and cost management, and general controls of information technology. During the course of the Internal Control Review, the Internal Control Consultant provided their findings and recommendations. We have accordingly taken the enhanced internal control measures. The Internal Control Consultant performed follow-up reviews in February 2020 to review the status of the management actions taken by us to address the findings of the Internal Control Review (the "Follow-up Review"). The Internal Control Consultant did not have any further recommendation in the Follow-up Review. The Internal Control Review and the Follow-up Review were conducted based on information provided by us, and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. Given our implementation of enhanced measures and the results of the Follow-up Review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. For more information, see "– Intellectual Property" and "– Environmental Matters and Workplace Safety." We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged Guotai Junan Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the section entitled "Future Plans and Use of Proceeds" after the Listing, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the Listing. We will continue to arrange various trainings to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

- We plan to maintain strict anti-corruption policies among our employees in our sales and marketing activities and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in any of our business operations. This prohibition applies to all business activities, anywhere in the world, whether involving government officials, medical professionals or private or public payors. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described are rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. Given our comprehensive program for implementing this policy, through appropriate guidance, training, investigation and oversight and the results of the Follow-up Review, our Directors are satisfied that our anti-bribery and anti-corruption measures are sufficient and effective for our current operational environment.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended 31 December 2018 and 2019 included in the Accountant's Report set out in Appendix I to this prospectus, together with the respective accompanying notes. Our audited consolidated financial information has been prepared in accordance with HKFRS.

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. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors".

OVERVIEW

We are a biopharmaceutical powerhouse focusing on developing and commercializing oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally. Drug candidates that we have been developing encompass the top three oncology targets and five out of the ten bestselling drugs globally.

Since our inception in 2007, we have been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases. For example, we have developed a systematic and comprehensive development plan for breast cancer-focused therapies, which includes a CDK4/6-targeting drug candidate and an advanced set of HER2-targeting drug candidates, and also for a PD-1-targeting drug candidate targeting multiple oncology indications. In recent years, with research centers built in both Shanghai, China and San Francisco, United States, we have also been expanding our research and development footprint globally to build and enrich our novel drug pipeline. As of the Latest Practicable Date, we have leveraged primarily our in-house capabilities in establishing a pipeline of 15 targeted drug candidates with tremendous commercialization potentials in China that cover both proven and novel biological pathways. We currently have 17 clinical trials ongoing in Asia, with two NDAs expected to be filed with the NMPA, four INDs to be filed with the NMPA and the FDA in the next 12 to 18 months, and one NDA recently accepted for review by the NMPA.

In particular, we have curated six key drug candidates for various oncology, autoimmune and other chronic disease indications. Our key drug candidates include GB491 (lerociclib), a differentiated oral CDK4/6 inhibitor; GB221, a novel HER2 mAb drug candidate; geptanolimab (GB226), a novel PD-1 mAb drug candidate; GB492, a STING agonist; GB242, an infliximab (Remicade) biosimilar; and GB223, a highly promising RANKL mAb drug candidate. We also have a strong lineup of cutting-edge bi-specific antibody drug candidates

currently in pre-clinical stage, fueled by our differentiated bi-specific mAb antibody platform with Computer-Aided Antibody Design (CAAD) capabilities. For more information on our drug candidates, see the section headed "Business."

We currently have no product approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in each year during the Track Record Period. Our total comprehensive losses were RMB288.1 million, RMB523.0 million, RMB74.3 million and RMB142.2 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and finance costs.

We expect to incur significant expenses and operating losses for at least the next several years as we further our 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 the integrated platform with an advanced clinical candidate pipeline of products. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate quarterly and yearly due to the development status of our drug candidates, our efforts to obtain regulatory approval and commercialize our drug candidates.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. We have consistently adopted HKFRS 9 "Financial Instruments," HKFRS 15 "Revenue from contracts with customers" and HKFRS 16 "Leases" throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss. The preparation of the historical financial information in conformity with the HKFRS requires the use of certain critical accounting estimates. All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by us consistently throughout the Track Record Period. The adoption of HKFRS 9, HKFRS 15 and HKFRS 16 does not have any significant impact on our financial position and performance as compared to that of HKAS 39, HKAS 18 and HKAS 17.

We were incorporated as an exempted company with limited liability in the Cayman Islands on 10 April 2017. Immediately prior to and after the Reorganization, our business was operated by Genor Biopharma and was mainly conducted through Shanghai Genor and Yuxi Genor, both of which are wholly-owned subsidiaries of Genor Biopharma. As part of the Reorganization, Genor Biopharma and our business were transferred to and held by us. See "History, Development and Corporate Structure" for more details of the Reorganization. We had not been involved in any other business prior to the Reorganization and did not meet the definition of a business. The Reorganization was merely a recapitalization of our business with no change in the management of such business. Accordingly, our Group resulting from the Reorganization is regarded as a continuation of our business under Genor Biopharma and the financial information has been prepared and presented as a continuation of the consolidated

financial statements of Genor Biopharma and its subsidiaries, with the assets and liabilities of our Group recognized and measured at the carrying amounts of our business under the consolidated financial statements of Genor Biopharma during the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the year-to-year comparability of our financial results are principally affected by the following factors:

Commercialization of Our Drug Candidates

Our business and results of operations depend on our ability to commercialize our drug candidates after approval. As of the Latest Practicable Date, we had a rich pipeline of drug candidates including nine drug candidates in clinical development, two at IND stage and four in pre-clinical development. Although we currently have no products approved for commercial sale and have not generated any revenue from product sales, we expect to start to commercialize one or more of our drug candidates in 2021 as they move towards the final stages of development. Our late-stage drug assets include GB491, GB226, GB221 and GB242. GB226 is currently under NDA review by the NMPA for 2L+ r/r PTCL. We are currently advancing multiple clinical trials for GB226 as a monotherapy agent and a combination therapy agent, including a pivotal Phase 2 clinical trial for PMBCL in China. GB221 is a potentially first-three-to-market domestic novel mAb for HER2+ mBC in China. See the section headed "Business" for more information on the development status of our various drug candidates.

Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

Research and development activities are central to our business model. For the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, our research and development expenses amounted to RMB271.5 million, RMB438.8 million, RMB70.4 million and RMB111.4 million, respectively. Our research and development expenses primarily consist of:

- employee salaries and related benefit costs, including share-based payment expenses, for research and development personnel;

- testing fee and clinical trial expenses incurred under agreements with consultants, contract research organizations, or CROs, and clinical trial sites that conduct research and development activities on our behalf;

- costs associated with purchasing raw materials and consumables for research and development of our drug candidates; and

- depreciation and amortization expenses, utilities, traveling and transportation expenses, insurance, and other supplies used in research and development activities.

Our current research and development activities mainly relate to the clinical advancement of our 15 drug candidates, including nine drug candidates in clinical development, two at IND stage and four in pre-clinical development. We expect our research and development expenses to increase significantly for the foreseeable future, as we move these drug candidates into additional clinical trials, including potential registration trials, and as we continue to support the clinical trials of our drug candidates for additional indications.

Our administrative expenses consist primarily of salaries and related benefit costs, including share-based payment expenses, for administrative personnel. Other administrative expenses include consulting fees, depreciation and amortization, write-down of inventories and impairment in property, plant and equipment, utilities and traveling and transportation expenses used in administrative activities. We also expect our administrative expenses to increase in future periods to support our research and development efforts and support any commercialization activities with respect to our product candidates, if approved. These cost increases will likely be due to increased headcount, increased employee salaries and benefits, expanded infrastructure and increased costs for insurance. We also anticipate increased legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

For the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, we did not incur any sales and marketing costs. We are in the process of formulating our sales and marketing strategy and expect to expand our sales and marketing team.

Funding for Our Operations

During the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, we funded our operations primarily through equity financing and loans from related parties. Going forward, in the event of a successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with revenue generated from sale of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in our ability to fund our operations will impact our cash flow plan and our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles that conform to HKFRSs issued by the IASB. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our most critical accounting policies and estimates are summarized below. See notes 2 and 4 to the Accountant's Report set out in Appendix I for a description of our significant accounting policies.

Significant Accounting Policies

Revenue Recognition

Revenues are recognized when, or as, the control of the services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the services may be transferred over time or at a point in time. During the Track Record Period, we primarily earned revenues by providing research and manufacturing services to our customers, mainly other biopharmaceutical and biotechnology companies, through fee-for-service contracts. The fee-for-service contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual standalone selling price. We identify each deliverable unit as a separate performance obligation, allocate the transaction price on the basis of relative standalone selling prices and recognize fee-for-service revenue at the point in time upon finalization, delivery and acceptance of the deliverable unit or after the end of a confirmation period.

Research and Development Expenses

Development expenses incurred on our therapeutic monoclonal antibodies are capitalized and deferred only when the development expenses can meet the criteria in note 2.8(d) to Accountant's Report set out in Appendix I. Development expenses which do not meet these criteria are expensed when incurred. The management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization. During the Track Record Period, all expenses incurred for research and development activities were expensed when incurred.

Share-based Payment Expenses

We granted share-based payment to our employees. The management have used the binomial option pricing model to determine the total fair value of the awarded options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the expected price volatility, risk-free interests rate, expected option life, fair value of ordinary shares and milestone of non-vesting condition, is required to be made by the management in applying the binomial model. The management applies judgements and estimates, such as employee performance, employee turnover rate and milestone of non-market vesting conditions, in determining share-based payment expenses each period.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grants will be received and we will comply with all attached conditions. Where a grant relates to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate for, are expensed. Where a grant relates to an asset, the fair value is credited to a deferred income account and is released to the statements of profit or loss and other comprehensive income over the expected useful life of the relevant asset on a straight-line basis. Based on whether the government grants are related to the ordinary course of business, they are recognized as other income or other gains in the statements of profit or loss and other comprehensive income.

Business Combinations and Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the (i) fair values of the assets transferred, (ii) liabilities incurred to the former owners of the acquired business, (iii) equity interests issued by us, (iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and (v) fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. We recognize any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred. The excess of the (a) consideration transferred, (b) amount of any non-controlling interest in the acquired entity, and (c) acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. If the business combination is achieved in

stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Significant Accounting Estimates

Fair Value Estimation

We have classified our financial instruments into the three levels as following:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by us is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents our liabilities that are measured at fair value at 31 December 2019 and 31 March 2020.

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
As at 31 December 2018				
Contingent consideration in amounts due to related parties	–	–	–	–
As at 31 December 2019				
Contingent consideration in amounts due to related parties	–	–	41,907	41,907
As at 31 March 2020				
Contingent consideration in amounts due to related parties	–	–	41,523	41,523

There were no transfers between levels 1, 2 and 3 during the years.

(a) Financial instruments in Level 3

The following table presents the changes in level 3 instruments for the years ended 31 December 2018 and 2019 and three months ended 31 March 2020, respectively.

	Contingent consideration in amounts due to related parties		
	Years ended 31 December		Three months ended 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	–	–	41,907
Additions	–	37,574	–
Settlements	–	–	–
Gains or losses recognised in other income	–	4,333	(384)
Gains or losses recognised in other comprehensive income	–	–	–
Closing balance	–	41,907	41,523

(b) Valuation technique, valuation inputs and relationships to fair value

The valuation techniques used to determine the fair value of our level 3 instruments are discounted cash flow method and option-pricing method.

The valuation of the level 3 instruments mainly includes financial liabilities at fair value through profit or loss. The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements, together with a quantitative sensitivity analysis as at the end of each of the relevant periods.

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value	Sensitivity of the input to the fair value
Contingent consideration in amounts due to related parties	Discount rate	31 December 2018: NA	NA	NA

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value	Sensitivity of the input to the fair value
		31 December 2019: 15%	The higher the discount rate, the lower the fair value.	1% increase/ (decrease) in the discount rate would result in a (decrease)/increase in fair value by -13%/14%.
		31 March 2020: 15%	The higher the discount rate, the lower the fair value.	1% increase/ (decrease) in the discount rate would result in a (decrease)/increase in fair value by -13%/14%.
	Discounts for lack of marketability	31 December 2018: NA	NA	NA
		31 December 2019: 6%	The higher the discount for lack of marketability, the lower the fair value	1% increase/ (decrease) in the discount rate would result in a (decrease)/increase in fair value by -1%/1%.
		31 March 2020: 6.5%	The higher the discount for lack of marketability, the lower the fair value	1% increase/ (decrease) in the discount rate would result in a (decrease)/increase in fair value by -1%/1%.

Our management has worked closely with an independent professional valuer to establish the appropriate valuation techniques and inputs to the model. Our management and the Joint Sponsors reviewed the valuation work papers and results prepared by the valuer and examined the basis of the valuation, and nothing has come to our management's or the Joint Sponsors' attention that causes them to consider that the valuation is not reasonable pursuant to the principles set out in the SFC's Guidance note on directors' duties in the context of valuations in corporate transactions dated 15 May 2017. As part of the audit process, our reporting accountants have considered the valuation reports prepared by the valuer, including the valuation method and valuation basis. Based on the work performed up to the date of this document, nothing has come to the attention of the reporting accountants that caused them to believe that a modified report or a qualified opinion is intended.

Estimated Impairment of Goodwill

We test annually whether goodwill has suffered any impairment, in accordance with the accounting policy for intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. When applying valuation technique, we rely on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

The basis for the key assumptions used in the impairment testing as of 31 December 2019 and 31 March 2020 are as follows:

Revenue (% compound growth rates)

The revenue compound growth rates for the twenty-one-year projection period is based on our forecast of its average revenue growth rate from 2020 to 2040. We consider the business strategy and the management's expectation for the market development in estimating these growth rates.

Research and development expenses (% compound growth rates)

The research and development expenses (% compound growth rates) are determined on the basis of management's expectation and the progress of clinical trials.

Discount rate

The discount rates for the twenty-one-year forecast period and after that period are determined by reference to discount rates provided by an independent valuer. Discount rates were estimated based on the weighted average cost of capital with reference to the industry risk premium and the debt to equity ratio of some guideline companies in biopharmaceutical sector.

Impairment tests for goodwill

Goodwill of RMB21.8 million resulted from the acquisition of ABT in 2019. ABT is principally engaged in the provision of research and development in the US.

Management reviews the business performance of the only operating segment. Goodwill is monitored by the management at the operating segment level.

The following is a summary of goodwill allocation for the only operating segment:

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
The operating segment	–	21,753	–	21,753
Three months ended 31 March 2020				
The operating segment	21,753	–	–	21,753

The recoverable amount of the operating segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a twenty-one-year period. The management considers that using a twenty-one-year forecast period for the financial budget in the goodwill impairment test is appropriate because it generally takes longer for a biotechnology company to reach a perpetual growth mode, compared to companies in other industries. Cash flows beyond the twenty-one-year period are extrapolated using the estimated growth rates stated below. The long-term average growth rate for the business was 0.00%.

The recoverable amount of the operating segment (including goodwill) based on the estimated value-in-use calculations was higher than the carrying amount at 31 December 2019 and 31 March 2020. Accordingly, no provision for impairment loss for goodwill is considered necessary.

The key assumptions, long-term growth rate and discount rate used in the value-in-use calculations as of 31 December 2019 and 31 March 2020 are as follows.

	31 December 2019	31 March 2020
Revenue (% compound growth rate)	31.12%	31.12%
Research and development expenses (% compound growth rate)	-6.02%	-6.02%
Pre-tax discount rate	16.64%	16.49%
Recoverable amount of operating segment (RMB'000)	4,882,662	5,064,979

These assumptions have been used for the analysis of the one operating segment.

Revenue compound growth rate is for the twenty-one-year forecast period. It is based on the business strategy and the management's expectation for the market development. The management forecasted the revenue of drugs would be generated from the year of 2021.

Research and development expenses compound growth rate is for the twenty-one-year forecast period. It is based on management's expectation and the progress of clinical trials.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. By reference to relevant accounting standards, the future cash flows used in value-in-use calculations to assess the goodwill impairment of the operating segment did not include income tax receipts or payments, and thus the management of the Company used the pre-tax discount rate to match the future cash flows when calculating the recoverable amount of the operating segment.

If the revenue compound growth rate had been 2% lower, or the research and development expenses compound growth rate had been 5% higher, or the pre-tax discount rate had been 1% higher, there was still sufficient headroom with no impairment required for the year ended 31 December 2019 and the three months ended 31 March 2020. Therefore, a reasonably possible change in such key assumptions would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

The table below sets forth the breakeven point of such key assumptions for the twenty-one-year forecast period as of 31 December 2019 and 31 March 2020 (estimates based on the operations for the periods indicated) used in goodwill impairment testing:

	Year ended 31 December 2019		**Three months ended 31 March 2020**	
	Key assumption	**Breakeven point**	**Key assumption**	**Breakeven point**
Revenue (% compound growth rate)	31.12%	26.50%	31.12%	26.49%
Research and development expense (% compound growth rate)	-6.02%	13.69%	-6.02%	12.72%
Pre-tax discount rate	16.64%	33.34%	16.49%	33.73%

Purchase Price Allocation

The application of business combination accounting requires the use of significant estimates and assumptions. The purchase method of accounting for business combinations requires us to estimate the fair value of identifiable assets acquired and liabilities assumed. This exercise requires the use of management's assumptions and judgement, including a presumption of contractual relationship renewal at minimum cost, which would not reflect unanticipated events and circumstances that may occur.

An asset is identifiable if it either: (i) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or (ii) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Allocation of the purchase price affects our results as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

DISCUSSION OF CERTAIN KEY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table summarizes our consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, respectively. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Revenue	6,882	13,039	1,315	–
Cost of revenue	(5,452)	(9,562)	(919)	–
Gross profit	1,430	3,477	396	–
Administrative expenses	(22,285)	(89,367)	(5,684)	(32,785)
Research and development expenses	(271,498)	(438,817)	(70,353)	(111,443)
Other income – net	11,206	4,082	1,604	1,860
Other (losses)/gains – net	(1,459)	53	(30)	(419)
Operating loss	(282,606)	(520,572)	(74,067)	(142,787)
Finance income	1,600	624	323	201
Finance costs	(7,071)	(3,689)	(573)	(970)
Finance costs – net	(5,471)	(3,065)	(250)	(769)
Loss before income tax	(288,077)	(523,637)	(74,317)	(143,556)
Income tax expense	–	891	–	1,039
Loss for the year/period	(288,077)	(522,746)	(74,317)	(142,517)

	Year ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Loss for the year/period is attributable to:				
Owners of the Company	(288,077)	(522,082)	(74,317)	(141,965)
Non-controlling interests	–	(664)	–	(552)
Loss per share				
Basic and diluted loss per share (in RMB)	(1.12)	(1.89)	(0.27)	(0.51)
Other comprehensive loss				
Currency translation differences	–	(217)	–	315
Total comprehensive loss	(288,077)	(522,963)	(74,317)	(142,202)

Revenue

During the Track Record Period, we primarily generated revenues by providing research and manufacturing services to our customers under fee-for-service contracts. Our revenue from fee-for-service contracts for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020 were RMB6.9 million, RMB13.0 million, RMB1.3 million and nil, respectively.

Cost of Revenue

Cost of revenue primarily consists of costs incurred in relation to providing research and manufacturing services to our customers under fee-for-service contracts. The following table summarizes the components of cost of revenue for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020:

	Year ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Decrease in contract cost	1,945	6,962	446	–
Raw material and consumables used	869	924	52	–
Depreciation and amortization	938	914	193	–
Employee benefits expenses	947	276	46	–
Utilities	318	176	49	–
Traveling and transportation expenses	28	4	2	–
Other expense	407	306	131	–
Total	**5,452**	**9,562**	**919**	**–**

Administrative Expenses

Our administrative expenses consist primarily of salaries and related benefit costs, including share-based payment expenses, for managerial personnel. Other administrative expenses include consulting fee, the adoption and implementation of our equity incentive plans as well as our acquisition of ABT, depreciation and amortization, and write-down of inventories and impairment in property, plant and equipment as the clinical trial materials approach their expiration dates. The following table summarizes the components of our administrative expenses for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020:

	Year ended 31 December		Three Months Ended 31 March	
	2018	**2019**	**2019**	**2020**
	(RMB in thousands)			
			(Unaudited)	
Employee benefits expenses	13,542	71,924	4,189	17,560
Consulting fee	2,865	4,633	153	1,110
Depreciation and amortization	833	2,055	301	768
Write-down of inventories and impairment in property, plant and equipment	568	1,340	–	545
Utilities	–	790	–	618
Traveling and transportation expenses	462	696	74	221
Auditors' remuneration-Audit services	453	–	–	–
Listing expenses	–	–	–	11,020
Other expense	3,562	7,929	967	943
Total	**22,285**	**89,367**	**5,684**	**32,785**

Research and Development Expenses

Research and development expenses primarily consist of employee benefit expenses, clinical trial-related expenses including testing fee and clinical trial expenses, and costs for raw materials and consumables used for research and development of our drug candidates, depreciation and amortization, utilities and travelling and transportation expenses. The following table summarizes the components of our research and development expenses for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020:

	Year ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Testing fee and clinical trial expenses	79,334	186,041	34,314	42,349
Employee benefits expenses	82,685	128,414	14,476	40,058
Raw material and consumables used	48,563	61,042	8,096	12,617
Depreciation and amortization	35,410	37,667	9,058	10,498
Utilities	9,133	10,333	1,720	2,347
Traveling and transportation expenses	4,678	6,355	995	701
Consulting fee	103	1,361	30	509
Write down of inventories and impairment in property, plant and equipment	–	–	–	1,389
Other expense	11,592	7,604	1,664	975
Total	**271,498**	**438,817**	**70,353**	**111,443**

The following table summarizes the amount and percentage of research and development expenses in relation to each of our Core Products for the years ended 31 December 2018 and 2019 and three months ended 31 March 2019 and 2020:

	Year ended 31 December				Three months ended 31 March			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
GB226	70,888	26.1	153,216	34.9	34,155	48.5	51,033	45.8
GB221	101,741	37.5	187,906	42.8	20,302	28.9	29,080	26.1
GB242	53,984	19.9	57,689	13.1	8,111	11.5	18,599	16.7

Other Income, Net

Other income, net primarily consists of long-term government grants, as opposed to one-off government grants, and net fair value losses on contingent consideration payable to ABS. Long-term government grants consist of (i) ongoing subsidies received from the PRC local government authorities to support capital expenditure related to our CMC facilities, and (ii) prepaid subsidies to support our ongoing research and development activities in relation to research projects, if there is reasonable assurance that we will comply with all attached conditions. Government grants amounted to RMB11.2 million, RMB8.3 million, RMB1.5 million and RMB1.5 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, respectively. The amounts due to ABS is attributable to the contingent consideration for the acquisition of business, and the fair value of contingent consideration was approximately RMB37,574,000 at the acquisition date. As of 31 December 2019 and 31 March 2020, the fair value of contingent consideration was approximately RMB41,907,000 and RMB41,523,000, respectively, and the fair value changes amounting to RMB4,333,000 and RMB384,000, respectively, are recognized in other income.

The following table summarizes the components of our other income, net for the years ended 31 December 2018 and 2019 and three months ended 31 March 2019 and 2020:

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
		(RMB in thousands)		
			(Unaudited)	
Government grants	11,206	8,275	1,490	1,476
Net fair value (losses)/gains on contingent liability payable to ABS	–	(4,333)	–	384
Others	–	140	114	–
	11,206	4,082	1,604	1,860

Other (Losses)/Gains, Net

Other (losses)/gains, net primarily consist of net losses on disposal of property, plant and equipment, one-off government grants, and overdue surcharges on other taxes. Net losses on disposal of property, plant and equipment primarily consist of losses incurred in connection with our disposal of machinery and equipment used for manufacturing and research and development activities, which were close to the end of their useful lives.

Finance Income and Costs

Finance income primarily includes bank interest income from our deposits and foreign exchange gains.

Finance costs include interest on loans from related parties, interest for lease liabilities and foreign exchange losses.

Income Tax Expense/Credit

For the years ended 31 December 2018 and 2019 and three months ended 31 March 2020, we had nil taxable income and therefore had nil income tax expense. We recorded income tax credit of RMB0.9 million and RMB1.0 million for the year ended 31 December 2019 and three months ended 31 March 2020, primarily attributable to the losses incurred by ABT during the same year/period. See note 12 to the Accountant's Report set out in Appendix I.

TAXATION

Cayman Islands

We were incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and accordingly is not subject to income tax in the Cayman Islands.

Hong Kong

HHCT was subject to Hong Kong profit tax rate of 16.5% for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profit tax during the Track Record Period.

U.S.

ABT was established in California, United States. The corporate income tax of ABT consists of both federal income tax and California state income tax, which was at an aggregate rate of 29.84% for the year ended 31 December 2019 and the three months ended 31 March 2020. No U.S. corporate income tax was provided for as there was no estimated assessable profit that was subject to U.S. corporate income tax during the Track Record Period.

China

Generally, our subsidiaries in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that Genor Biopharma benefits from a preferential tax rate of 15% as it is qualified as a "High and New Technology Enterprise." The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws

and accounting standards. The related tax authorities in Shanghai review the "High and New Technology Enterprise" status every three years. We expect Genor Biopharma to continue to qualify as a "High and New Technology Enterprise" in Shanghai for the foreseeable future.

RESULTS OF OPERATIONS

Three Months Ended 31 March 2020 Compared to Three Months Ended 31 March 2019

Revenue

Our revenue decreased from RMB1.3 million in the three months ended 31 March 2019 to nil in the three months ended 31 March 2020, primarily because no completion of our research and development services under the fee-for-service contracts occurred in the three months ended 31 March 2020.

Cost of Revenue

Our cost of revenue decreased from RMB0.9 million in the three months ended 31 March 2019 to nil in the three months ended 31 March 2020, primarily because no completion of our research and development services under the fee-for-service contracts occurred in the three months ended 31 March 2020.

Administrative Expenses

Our administrative expenses increased significantly from RMB5.7 million in the three months ended 31 March 2019 to RMB32.8 million in the three months ended 31 March 2020, primarily due to the increase in salaries and related benefit costs, including share-based payment expenses, for administrative personnel as we added new managerial personnel after 31 March 2019 in line with our business growth.

Research and Development Expenses

Our research and development expenses increased by 58.2% from RMB70.4 million in the three months ended 31 March 2019 to RMB111.4 million in the three months ended 31 March 2020, primarily due to our increased headcount for employees engaging in research and development function and the amortization of share-based payment expenses in the three months ended 31 March 2020.

Other Income, Net

Our other income, net increased by 16.0% from RMB1.6 million in the three months ended 31 March 2019 to RMB1.9 million in the three months ended 31 March 2020, primarily due to net fair value gains of RMB0.4 million on contingent consideration payable to ABS.

Other Losses, Net

Our other losses, net increased from net losses of RMB30.0 thousand in the three months ended 31 March 2019 to net losses of RMB0.4 million in the three months ended 31 March 2020, primarily due to a certain donation that we made.

Finance Income and Costs

Finance income remained stable at RMB0.3 million in the three months ended 31 March 2019 to RMB0.2 million in the three months ended 31 March 2020.

Finance costs increased by 69.3% from RMB0.6 million in the three months ended 31 March 2019 to RMB1.0 million in the three months ended 31 March 2020, primarily because the payment of interests to HHJH on the convertible note. See "– Indebtedness – Convertible note."

Loss for the Period

As a result of the foregoing, our losses increased to RMB142.5 million in the three months ended 31 March 2020 from RMB74.3 million in the three months ended 31 March 2019.

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

Revenue

Our revenue increased by 89.5% from RMB6.9 million in 2018 to RMB13.0 million in 2019, primarily due to the increase in research and manufacturing services provided to our customers under fee-for-service contracts.

Cost of Revenue

Our cost of revenue increased by 75.4% from RMB5.5 million in 2018 to RMB9.6 million in 2019, primarily due to the carry over of contract cost in relation to providing research and manufacturing services under fee-for-service contracts.

Administrative Expenses

Our administrative expenses increased by 301.0% from RMB22.3 million in 2018 to RMB89.4 million in 2019, primarily due to the increase in salaries and related benefit costs, including a RMB12.3 million increase in salaries, bonuses and other benefits and a RMB45.5 million increase in share-based payment expenses, for administrative personnel as we added new managerial personnel in 2019 in line with our business growth.

Research and Development Expenses

Our research and development expenses increased by 61.6% from RMB271.5 million in 2018 to RMB438.8 million in 2019, primarily due to the increased expenses incurred as some of our drug candidates, namely, GB226 and GB221, progressed into more advanced clinical trials and the initiation of new clinical programs. These increased expenses primarily included the increases of (i) testing fee and clinical trial expenses by RMB106.7 million, (ii) salaries and related benefit costs, which primarily included a RMB17.4 million increase in salaries, bonuses and other benefits and a RMB27.1 million increase in share-based payment expenses due to the expansion of our research and development team in 2019, for research and development personnel by RMB45.7 million, and (iii) raw materials and consumables used for the research and development of our drug candidates by RMB12.5 million.

Other Income, Net

Our other income, net decreased by 63.6% from RMB11.2 million in 2018 to RMB4.1 million in 2019, primarily due to (i) the decrease of long-term government grants received from RMB11.2 million in 2018 to RMB8.3 million in 2019, and (ii) net fair value losses of RMB4.3 million on contingent consideration payable to ABS.

Other (Losses)/Gains, Net

Our other (losses)/gains, net changed from net losses of RMB1.5 million in 2018 to net gains of RMB53.0 thousand in 2019. In 2018, we incurred net losses on the disposal of property, plant and equipment of RMB1.0 million as a result of our disposal of machinery and equipment used for manufacturing and research and development activities, which were close to the end of their useful lives. In addition, we incurred one-off overdue surcharges of RMB0.9 million in 2018, which were related to late fees for tariff payment.

Finance Income and Costs

Finance income decreased by RMB1.0 million from RMB1.6 million in 2018 to RMB0.6 million in 2019, primarily due to (i) a decrease of RMB0.7 million in interest income as a result of a decrease of our average bank deposit balance, and (ii) a decrease of foreign exchange gains from RMB0.2 million in 2018 to nil in 2019. The foreign exchange gains of RMB0.2 million in 2018 was attributable to the appreciation of U.S. dollar against Renminbi.

Finance costs decreased by 47.8% from RMB7.1 million in 2018 to RMB3.7 million in 2019, primarily because we incurred one-off interest expenses of RMB4.6 million in 2018 in connection with the loans that we borrowed from our related party, namely, Walvax. We paid off all the loans from our related parties in 2018, so there is no more finance cost incurred from loans from related parties.

Loss for the Year

As a result of the foregoing, our losses increased to RMB522.7 million in 2019 from RMB288.1 million in 2018.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF BALANCE SHEETS

The table below sets forth selected information from our consolidated statements of balance sheets as of the dates indicated, which have been extracted from the Accountant's Report set out in Appendix I:

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	204,025	191,429	188,806
Right-of-use assets	37,282	33,267	31,389
Intangible assets	16,033	94,317	95,817
Other receivables, deposits and prepayments	47,851	64,902	64,948
Deferred income tax assets	–	680	1,509
Total non-current assets	**305,191**	**384,595**	**382,469**
Current assets			
Inventories	25,240	25,269	23,055
Contract cost	8,085	3,927	4,342
Trade receivables	581	–	–
Other receivables, deposits and prepayments	56,681	44,582	51,539
Amounts due from related parties	466,725	20,942	20,942
Cash and cash equivalents	125,158	253,520	196,836
Total current assets	**682,470**	**348,240**	**296,714**
Total assets	**987,661**	**732,835**	**679,183**

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Non-current liabilities			
Contract liabilities	2,100	755	755
Lease liabilities	35,792	29,351	26,781
Amounts due to related parties	–	31,916	31,623
Deferred income	26,506	22,892	22,116
Deferred income tax liabilities	–	14,968	14,757
Other non-current liabilities	–	47,369	47,210
Total non-current liabilities	**64,398**	**147,251**	**143,242**
Current liabilities			
Trade payables	30,868	103,363	112,790
Contract liabilities	10,680	11,844	11,844
Other payables and accruals	45,630	212,801	216,231
Lease liabilities	8,958	12,412	13,451
Amounts due to related parties	21	16,202	32,342
Deferred income	3,502	3,502	3,502
Total current liabilities	**99,659**	**360,124**	**390,160**
Total liabilities	**164,057**	**507,375**	**533,402**
Net assets	**823,604**	**225,460**	**145,781**
Net current assets/(liabilities)	**582,811**	**(11,884)**	**(93,446)**
Equity			
Non-controlling interests	–	6,474	5,922

We had net current liabilities of RMB93.4 million as of 31 March 2020, primarily due to (i) a RMB56.7 million decrease in cash and cash equivalents as of 31 March 2020, primarily due to our use of cash in the ordinary course of operations, (ii) a RMB16.0 million increase in amounts due to related parties, primarily due to the issuance of convertible promissory notes to HHJH during the period from 12 March 2020 to 31 March 2020, and (iii) a RMB9.4 million increase in trade payables, partially offset by a RMB7.0 million increase in other receivables, deposits and prepayments.

Property, Plant and Equipment

Property, plant and equipment primarily consists of machinery, equipment, lease improvements and expansion construction in progress for our manufacturing facilities in Yuxi. Our property, plant and equipment decreased by RMB12.6 million from RMB204.0 million as of 31 December 2018 to RMB191.4 million as of 31 December 2019 and further decreased by RMB2.6 million to RMB188.8 million as of 31 March 2020, primarily due to depreciation of our equipment.

Right-of-Use Assets

Our right-of-use assets, which arise from our leases of office and/or manufacturing facilities in both Shanghai and Yuxi, decreased by RMB4.0 million from RMB37.3 million as of 31 December 2018 to RMB33.3 million as of 31 December 2019, primarily due to amortization of RMB8.9 million, partially offset by additions of RMB4.9 million. Our right-of-use assets further decreased by RMB1.9 million to RMB31.4 million as of 31 March 2020, primarily due to amortization of RMB2.4 million, partially offset by additions of RMB0.6 million.

Intangible Assets

Our intangible assets primarily consist of goodwill, licenses and computer software. Goodwill of RMB21.8 million is resulted from the acquisition of ABT in 2019. Our licenses include licenses purchased from third parties and licenses acquired as part of our acquisition of ABT. Licenses are recognized as intangible assets at historical cost and amortized using the straight-line method over their estimated useful lives, which are determined according to the authorized useful lives and the management's estimation. Our licenses increased by RMB53.2 million from RMB15.0 million as of 31 December 2018 to RMB68.2 million as of 31 December 2019, primarily due to our acquisition of ABT in 2019. Our computer software increased by RMB3.3 million from RMB1.0 million as of 31 December 2018 to RMB4.3 million as of 31 December 2019 and further to RMB6.9 million as of 31 March 2020, primarily due to the upgrade of our internal information technology system.

Inventories

Our inventories primarily consist of consumables and raw materials purchased for providing research and manufacturing services to our customers under fee-for-service contracts, our research and development activities and for the production of trial batches of our drug candidates. Our inventories remained stable at RMB25.3 million as of 31 December 2019 as compared to RMB25.2 million as of 31 December 2018 and decreased by RMB2.2 million to RMB23.1 million as of 31 March 2020. We had inventories of RMB23.1 million as of 31 March 2020, RMB15.4 million (66.7%) of which were subsequently utilized up to the Latest Practicable Date.

Contract Cost

We recognized contract cost of RMB8.1 million, RMB3.9 million and RMB4.3 million as of 31 December 2018 and 2019 and 31 March 2020, respectively, from our fee-for-service contracts with our customers. This decrease from 2018 to 2019 is attributable to the completion of our research and development services under certain fee-for-service contracts in 2019 and hence carrying over the related contract cost as cost of revenue. The slight increase as of 31 March 2020 was primarily due to the costs incurred by us arising from our performance of fee-for-service contracts in the three months ended 31 March 2020, which services had not been fully completed and delivered to our customers.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments primarily consist of (i) prepayment made in connection with the purchase of raw materials and consumables and payments to CROs, clinical trial sites and other third parties for services relating to our clinical trials; (ii) VAT input tax to be deducted in connection with the procurement of raw materials, third-party services, machinery and equipment for our manufacturing facilities, which may offset the VAT to be incurred upon commercialization; (iii) prepayment for equipment and software; and (iv) rental deposits. The following table sets forth the breakdown of our other receivables, deposits and prepayments as of the dates indicated.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Prepayment for inventories and clinical fee	55,967	43,855	47,439
VAT input tax to be deducted	39,224	53,230	56,486
Prepayment for equipment and software	6,980	10,025	6,815
Rental deposits	1,654	1,823	1,931
Listing expenses	–	–	3,415
Others	707	551	401
Total	**104,532**	**109,484**	**116,487**
Presented as current assets	56,681	44,582	51,539
Presented as non-current assets	47,851	64,902	64,948
Total	**104,532**	**109,484**	**116,487**

Prepayment for inventories and clinical fee decreased by RMB12.1 million to RMB43.9 million as of 31 December 2019 from RMB56.0 million as of 31 December 2018, primarily due to our increased efficiency in fund usage resulting from improved internal operations. Prepayment for inventories and clinical fee remained stable at RMB47.4 million as of 31 March 2020 and at RMB43.9 million as of 31 December 2019. As of the 30 June 2020, we had utilized RMB8.7 million, or 18.4%, of the RMB47.4 million prepayments to inventories and clinical fee outstanding as of 31 March 2020.

VAT input tax to be deducted increased by RMB14.0 million to RMB53.2 million as of 31 December 2019 from RMB39.2 million as of 31 December 2018 and increased to RMB56.5 million as of 31 March 2020, primarily due to the increase of expense invoices in 2019 and the three months ended 31 March 2020.

Prepayment for equipment and software increased by RMB3.0 million to RMB10.0 million as of 31 December 2019 from RMB7.0 million as of 31 December 2018, primarily due to the upgrade of our internal information technology infrastructure in 2019. Prepayment for equipment and software decreased by RMB3.2 million to RMB6.8 million as of 31 March 2020 from RMB10.0 million as of 31 December 2019, primarily because we received prepaid equipment and recorded it under fixed assets.

Rental deposits remained stable at RMB1.7 million, RMB1.8 million and RMB1.9 million as of 31 December 2018 and 2019 and 31 March 2020, respectively.

Amounts Due from Related Parties

We had amounts due from related parties of RMB466.7 million, RMB20.9 million and RMB20.9 million as of 31 December 2018 and 2019 and 31 March 2020, respectively. Our amounts due from related parties were related to HHJH and Watchmen Alpha. Amounts due from HHJH as of 31 December 2018 were RMB466.7 million, which mainly arose from capital contribution by HHJH in connection with its subscription of 67,221,358 ordinary shares in November 2018. We did not have any amounts due from HHJH as of 31 December 2019 and 2020. Amounts due from Watchmen Alpha were RMB20.9 million as of 31 December 2019 and 31 March 2020, which mainly arose from capital contribution by Watchmen Alpha in connection with its subscription of 3,000,000 ordinary shares in December 2019. See "– Related Party Transactions." The settlement of the non-trade amounts due from Watchmen Alpha will be designated by the compensation committee of the Board of the Company. These receivables are estimated to be settled after the Listing.

Cash and Cash Equivalents

The following table sets out a breakdown of our cash and cash equivalents as of the dates indicated.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Cash on hand	5	–	–
Cash at banks			
– RMB deposits	124,277	190,225	160,851
– USD deposits	876	63,295	35,985
Total	**125,158**	**253,520**	**196,836**

Cash at banks earns interests at floating rates based on daily bank deposit rates. Cash at banks increased by RMB128.4 million to RMB253.5 million as of 31 December 2019 from RMB125.2 million as of 31 December 2018, primarily attributable to our receipt of capital contribution from HHJH and other investors. Cash at banks decreased by RMB56.7 million to RMB196.8 million as of 31 March 2020 from RMB253.5 million as of 31 December 2019, primarily attributable to our use of cash in the ordinary course of operations.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease for our manufacturing and research and development activities and our office premises. We recorded lease liabilities of RMB44.8 million, RMB41.8 million and RMB40.2 million as of 31 December 2018 and 2019 and 31 March 2020, respectively. The decreases of lease liabilities in 2019 and the three months ended 31 March 2020 were related to the timing of our rental payments.

Deferred Income

Our deferred income arises from government grants. The following table sets out a breakdown of our deferred income as of the dates indicated.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Asset-related grants	27,421	23,919	23,043
Reimbursement of future expenses	2,587	2,475	2,575
Total	**30,008**	**26,394**	**25,618**
Presented as current liabilities	3,502	3,502	3,502
Presented as non-current liabilities	26,506	22,892	22,116
Total	**30,008**	**26,394**	**25,618**

Asset-related grants are government subsidies for the purposes of compensating for our purchase of property, plant and equipment. Reimbursement of future expenses are government subsidies prepaying for our future research and development activities in connection with certain projects.

Other Non-current Liabilities

We recorded other non-current liabilities of nil, RMB47.4 million and RMB47.2 million as of 31 December 2018 and 2019 and 31 March 2020, respectively. Other non-current liabilities as of 31 December 2019 comprised of RMB37.4 million of project fund payables and RMB9.9 million of accrued share-based payments. Other non-current liabilities as of 31 March 2020 comprised of RMB37.4 million of project fund payables and RMB9.8 million of accrued share-based payments. In 2019, we and seven independent biological research companies (the "Research Partners") jointly entered into an agreement with the National Health Commission of the PRC (the "NHC") in relation to a major new drug development project. In December 2019, we, as the leader of the project, received RMB170.1 million from the NHC, out of which RMB132.7 million was granted and payable to the Research Partners while the remaining RMB37.4 million was granted to us. Pursuant to this agreement, we are obligated to return the RMB37.4 million fund in 2021 if we fail to meet certain requirements specified in this agreement. These requirements include recording project expenditure by different sources of funds and achieving certain key technical indicators specified in the agreement. Considering the significant uncertainty on the satisfaction of these requirements, we recorded the RMB37.4 million fund as non-current liabilities. Accrued share-based payments are related to our 2019 Employee Option Plan, which was approved by our Compensation Committee on 19 August 2019. There are three categories of share-based payments under the 2019 Employee Option Plan. Category III involves share-based payments with cash alternatives. Under Category III, the employees were granted the choice of cash settlement or equity settlement for exercising the options. We recognize the accrued share-based payments when we grant the Category III options. The exercise conditions are based on the fulfillment of certain milestones of our drug candidates. If the exercise condition is estimated to be fulfilled within one year, the accrued share-based payments are recorded under the item of other payables and accruals; otherwise, the accrued share-based payments are recorded under the item of other non-current liabilities.

Trade Payables

Trade payables arise from our purchase of raw materials and engagement of clinical trial services. Trade payables increased by RMB72.5 million to RMB103.4 million as of 31 December 2019 from RMB30.9 million as of 31 December 2018 and further to RMB112.8 million as of 31 March 2020, primarily because we purchased more raw materials and clinical trial services in line with the advancement of our clinical trials and/or the increased services that we provided to customers under fee-for-service contracts. The following table sets out an aging analysis of trade payables presented based on invoice dates of bills as of the dates indicated. We had trade payables of RMB112.8 million as of 31 March 2020, RMB63.9 million (56.6%) of which were subsequently settled up to the Latest Practicable Date.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Within 1 year	30,697	103,110	112,736
1-2 years	50	253	54
2-3 years	121	–	–
Total	30,868	103,363	112,790

Contract Liabilities

Contract liabilities are related to our fee-for-service contracts, under which we provide research and manufacturing services to our customers. Contract liabilities on fee-for-service contracts remained stable at RMB12.8 million, RMB12.6 million and RMB12.6 million as of 31 December 2018 and 2019 and 31 March 2020, respectively.

Other Payables and Accruals

Other payables and accruals primarily consist of government grants payable to the Research Partners, accrued share-based payments, capital received in advance, accrued employee benefits, payables to suppliers of plant and equipment. The following table sets forth the components of our other payables and accruals.

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Payable to the third parties	–	132,673	132,673
Accrued share-based payments	–	23,208	22,834
Capital received in advance	20,699	20,699	20,699
Accrued listing expenses	–	–	13,756
Accrued employee benefits	9,878	17,090	12,314
Payables to suppliers of fixed assets	12,642	14,216	6,949
Tax payable	331	638	564
Others	2,080	4,277	6,442
Total	**45,630**	**212,801**	**216,231**

Other payables and accruals increased by RMB167.2 million from RMB45.6 million as of 31 December 2018 to RMB212.8 million as of 31 December 2019. The increase was primarily attributable to (i) an increase of RMB132.7 million in government grants payable to the Research Partners, (ii) a RMB23.2 million increase of accrued share-based payments in connection with our 2019 Employee Option Plan, and (iii) an increase of RMB7.2 million in accrued employee benefits as our headcount expanded in line with our business expansion.

Other payables and accruals increased by RMB3.4 million from RMB212.8 million as of 31 December 2019 to RMB216.2 million as of 31 March 2020. The increase was primarily attributable to an increase of RMB13.8 million in accrued listing expenses, partially offset by a RMB7.3 million decrease in payables to suppliers of fixed assets.

On 19 November 2018, we entered into a share subscription agreement with several subscribers. Pursuant to this agreement, we agreed to allot and issue 276,680,782 ordinary shares in total with a consideration of US$1.0 each to HHJH, Yaly Capital, BioTrack Capital, Fortune Creation, Qiming Venture Partners, Qiming Managing, Photons Group, Twin Eagle, AquaStar, Shanghai Yanghuan and Jinsheng Capital, out of which, 212,087,401 ordinary shares were issued on 3 December 2018 at a total consideration of approximately RMB1,463,644,000 with RMB15,000 and RMB1,463,629,000 credited to the Company's share capital and share premium, respectively. As of 31 December 2018, the 100 ordinary shares issued on the date of incorporation and 144,866,043 ordinary shares issued on 3 December 2018 were paid, and the remaining 67,221,358 ordinary shares amount to RMB466,725,000 had not been paid, which were paid in the year of 2019. 3,000,000 ordinary shares subscribed on 19 November 2018 were paid in the year of 2018 with approximately RMB20,699 thousand credited to capital received in advance and issued on 11 May 2020.

Amounts Due to Related Parties

We had amounts due to related parties of RMB21.0 thousand, RMB48.1 million and RMB64.0 million as of 31 December 2018 and 2019 and 31 March 2020, respectively. Our amounts due to related parties were related to Yuxi Walvax, ABS and HHJH. Our amounts due to Yuxi Walvax as of 31 December 2019 and 31 March 2020 were RMB5.6 million and RMB7.2 million, respectively, mainly representing utility fees related to our lease of its plants for our manufacturing activities. The utility fees are recurring in nature and so will not be fully settled prior to the Listing. Our amounts due to ABS were RMB42.5 million and RMB42.3 million as of 31 December 2019 and 31 March 2020, respectively, which mainly represented contingent consideration for our acquisition of ABT in 2019. This contingent consideration will be paid to ABS upon reaching certain milestones relating to development status, regulatory approval, and license out arrangements and will not be fully settled before the Listing. Our amounts due to HHJH were nil, nil and RMB14.5 million as of 31 December 2018 and 2019 and 31 March 2020, respectively, which mainly represented the convertible note we issued to HHJH. This convertible note was fully converted into Series B Preferred Shares in May 2020, so we currently do not have any amounts due to HHJH. See "– Indebtedness – Convertible note." See "– Related Party Transactions" for more details.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of 31 December		As of 31 March
	2018	2019	2020
Current Ratio[(1)]	6.85	0.97	0.76
Quick Ratio[(2)]	6.59	0.90	0.70

Notes:

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

(2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

See "– Discussion of Certain Key Statements of Profit or Loss and Other Comprehensive Income Items" in this section for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity. Historically, we had borrowed loans from related parties.

Cash Flows

Since inception, we have incurred negative cash outflow from our operations. Substantially all of our operating cash outflows have resulted from our research and development expenses and administrative expenses associated with our operations. Our operating activities used RMB253.4 million, RMB110.5 million, RMB74.6 million and RMB95.3 million for the years ended 31 December 2018 and 2019 and three months ended 31 March 2019 and 2020, respectively.

The following table provides information regarding our cash flows for the periods indicated:

	Year Ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(unaudited)	
Net cash outflow used in operating activities	(253,394)	(110,529)	(74,634)	(95,261)
Net cash outflow used in operating activities before movements in working capital	(211,692)	(372,433)	(65,377)	(103,847)
Changes in working capital	(43,259)	261,280	(9,580)	8,385
Interest received	1,557	624	323	201
Net cash outflow used in investing activities	(29,521)	(40,677)	(7,708)	(8,169)
Interest paid to related parties	(4,621)	–	–	–
Net cash inflow generated from/(used in) financing activities	346,931	278,543	(1,710)	46,193
Net increase/(decrease) in cash and cash equivalents	64,016	127,337	(84,052)	(57,237)
Cash and cash equivalents at the beginning of the year/period	61,100	125,158	125,158	253,520
Exchange gains/(losses) on cash and cash equivalents	42	1,025	(17)	553
Cash and cash equivalents at the end of the year/period	125,158	253,520	41,089	196,836

Operating Activities

During the three months ended 31 March 2020, we had net cash outflow used in operating activities of RMB95.3 million, which resulted principally from our loss before income tax of RMB143.6 million, adjusting for non-cash charges of RMB39.7 million and working capital changes of RMB8.4 million. Our net non-cash charges during the three months ended 31 March 2020 primarily consisted of non-cash share-based payment expenses of RMB27.1 million, depreciation of property, plant and equipment of RMB7.4 million and amortization of right-of-use assets and intangible assets of RMB3.9 million. Our working capital changes mainly included (i) RMB9.4 million of trade payables, and (ii) RMB6.1 million of accruals and other payables, partially offset by RMB10.2 million of other receivables, deposits and prepayments.

During the year ended 31 December 2019, we had net cash outflow used in operating activities of RMB110.5 million, which resulted principally from our loss before income tax of RMB523.6 million, adjusting for non-cash charges of RMB151.2 million and working capital changes of RMB261.3 million. Our net non-cash charges during the year ended 31 December 2019 primarily consisted of non-cash share-based payment expenses of RMB108.1 million, depreciation of property, plant and equipment of RMB29.1 million and amortization of right-of-use assets and intangible assets of RMB11.5 million and net fair value losses on contingent consideration payable to ABS of RMB4.3 million, partially offset by gains from asset-related government grants of RMB3.5 million. Our working capital changes mainly included (i) RMB143.7 million of accruals and other payables, (ii) RMB37.4 million of other non-current liabilities, (iii) RMB72.5 million of trade payables, (iv) RMB6.2 million of amounts due to related parties, and (v) RMB4.5 million of contract cost, partially offset by RMB1.9 million of other receivables, deposits and prepayments and RMB1.4 million of inventories.

During the year ended 31 December 2018, we had net cash outflow used in operating activities of RMB253.4 million, which resulted principally from our loss before income tax of RMB288.1 million, adjusting for non-cash charges of RMB76.4 million and working capital changes of RMB43.3 million. Our net non-cash charges during the year ended 31 December 2018 primarily consisted of non-cash share-based payment expenses of RMB35.5 million, depreciation of property, plant and equipment of RMB27.1 million, amortization of right-of-use assets and intangible assets of RMB10.0 million and financial cost of RMB7.0 million, partially offset by gains from asset-related government grants of RMB3.5 million and interest income of RMB1.4 million. Our working capital changes mainly included (i) RMB44.2 million of other receivables, deposits and prepayments, (ii) RMB8.7 million of amounts due to related parties, (iii) RMB2.2 million of deferred income of reimbursement of future expenses, and (iv) RMB1.4 million of contract cost, partially offset by (a) RMB7.1 million of contract liabilities, (b) RMB3.5 million of inventories, and (c) RMB3.4 million of other payables and accruals.

We plan to improve our operating cash flow position by (i) rapidly advancing our late-stage drug assets towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control cost and operating expenses, primarily including research and development expenses and administrative expenses; and (iii) enhancing working capital management efficiency.

Investing Activities

Net cash outflow used in investing activities was RMB8.2 million for the three months ended 31 March 2020. The net cash decrease was primarily attributable to RMB6.0 million used in the purchase of machinery and equipment and RMB2.1 million used in the purchase of intangible assets in relation to the upgrade of our internal information technology infrastructure.

Net cash outflow used in investing activities was RMB40.7 million for the year ended 31 December 2019. The net cash decrease was primarily attributable to RMB20.6 million used in the purchase of machinery and equipment, RMB12.7 million net cash used in relation to our acquisition of ABT, and RMB7.4 million used in the purchase of intangible assets, including computer software and licenses.

Net cash outflow used in investing activities was RMB29.5 million for the year ended 31 December 2018. The net cash decrease was primarily attributable to RMB27.6 million used in the purchase of machinery and equipment and RMB1.9 million used in the purchase of intangible assets.

Financing Activities

Net cash inflow from financing activities was RMB46.2 million for the three months ended 31 March 2020 and primarily consisted of RMB34.9 million from the proceeds of equity financing through share issuance to investors and RMB13.9 million from proceeds of issuance of convertible note to HHJH, partially offset by RMB2.6 million used in lease payments.

Net cash inflow from financing activities was RMB278.5 million for the year ended 31 December 2019 and primarily consisted of RMB862.9 million from the proceeds of equity financing through share issuance to investors, partially offset by RMB574.4 million incurred in the repurchase of certain shares from Genor Biopharma's shareholders as part of the Reorganization and RMB10.0 million used in lease payments.

Net cash inflow from financing activities was RMB346.9 million for the year ended 31 December 2018 and primarily resulted from RMB996.9 million from the proceeds of equity financing through share issuance to investors and RMB391.9 million capital contribution from Genor Biopharma's shareholders as part of the Reorganization, and RMB69.0 million of borrowings from related parties, partially offset by RMB1,017.0 million in the repurchase of certain shares from Genor Biopharma's shareholders as part of the Reorganization, RMB100.9 million used in the repayment of borrowings from related parties, and RMB9.1 million used in lease payments.

See note 25 to the Accountant's Report set out in Appendix I to this prospectus for more details of the share issuance to investors and the section headed "History, Development and Corporate Structure" for more details of the Reorganization.

Cash Operating Costs

The following table sets forth key information relating to our cash operating costs incurred for the periods indicated:

	Year Ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
Costs relating to research and development and clinical trials of our Core Products				
Testing fee and clinical trial expenses	85,306	114,342	22,071	26,487
Raw material and consumables used	20,035	41,955	10,323	12,330
Employee benefits expenses	30,735	52,172	9,521	22,561
Others	36,860	19,929	5,813	3,238
	172,936	228,398	47,727	64,616
Total:				
Research and development	207,757	265,483	54,847	72,006
Total workforce employment	59,424	85,303	23,365	38,676
Direct production[(1)]	–	–	–	–
Commercialization[(1)]	–	–	–	–
Contingency allowance	–	–	–	–

Note:

(1) We had not commenced product sales as of the Latest Practicable Date.

Net Current Assets/(Liabilities)

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of 31 December		As of 31 March	As of 31 July
	2018	2019	2020	2020
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	25,240	25,269	23,055	32,870
Contract cost	8,085	3,927	4,342	3,420
Trade receivables	581	–	–	–
Other receivables, deposits and prepayments	56,681	44,582	51,539	120,398
Amounts due from related parties	466,725	20,942	20,942	20,942
Cash and cash equivalents	125,158	253,520	196,836	840,580
Total current assets	682,470	348,240	296,714	1,018,210
Current liabilities				
Trade payables	30,868	103,363	112,790	97,501
Contract liabilities	10,680	11,844	11,844	9,526
Other payables and accruals	45,630	212,801	216,231	87,610
Lease liabilities	8,958	12,412	13,451	16,819
Amounts due to related parties	21	16,202	32,342	15,876
Financial liabilities at fair value through profit or loss	–	–	–	4,572,776
Deferred income	3,502	3,502	3,502	3,502
Total current liabilities	99,659	360,124	390,160	4,803,610
Net current assets/(liabilities)	582,811	(11,884)	(93,446)	(3,785,400)

The change from net current assets of RMB582.8 million as of 31 December 2018 to net current liabilities of RMB11.9 million as of 31 December 2019 was primarily due to (i) a RMB445.8 million decrease in amounts due from related parties in 2019, primarily as HHJH fully paid the consideration in connection with its subscription of 67,221,358 ordinary shares in November 2018, (ii) a RMB167.2 million increase in other payables and accruals in 2019, primarily due to increases in payables to third parties, and (iii) a RMB72.5 million increase in trade payables in 2019, partially offset by a RMB128.4 million increase in cash and cash equivalents in 2019.

The increase in net current liabilities from RMB11.9 million as of 31 December 2019 to RMB93.4 million as of 31 March 2020 was primarily due to (i) a RMB56.7 million decrease in cash and cash equivalents as of 31 March 2020, primarily due to our use of cash in the ordinary course of operations, (ii) a RMB16.0 million increase in amounts due to related parties, primarily due to the issuance of convertible promissory notes to HHJH during the period from 12 March 2020 to 31 March 2020, and (iii) a RMB9.4 million increase in trade payables, partially offset by a RMB7.0 million increase in other receivables, deposits and prepayments.

The increase in net current liabilities from RMB93.4 million as of 31 March 2020 to RMB3,785.4 million as of 31 July 2020 was primarily due to a RMB4,572.8 million increase in financial liabilities at fair value through profit or loss, as a result of the reclassification of 477,819,181 ordinary shares into the Series A Preferred Shares on 26 May 2020 and the issuance of 145,576,631 Series B Preferred Shares to investors on 27 May 2020 in connection with the May 2020 Equity Financing, partially offset by (i) a RMB643.7 million increase in cash and cash equivalents as of 31 July 2020, primarily due to the proceeds from the May 2020 Equity Financing, (ii) a RMB68.9 million increase in other receivables, deposits and prepayments, primarily due to an increase in prepayment for inventories and clinical fee, (iii) a RMB128.6 million decrease in other payables and accruals as of 31 July 2020, primarily as a result of a decrease in government grants payable to the Research Partners in relation to a major new drug development project. For details of the May 2020 Equity Financing, see "History, Development and Corporate Structure – Pre-IPO Investments – Series B Financing – May 2020 Equity Financing." For details of the research agreement, see "– Discussion of Certain Selected Items from Consolidated Statements of Balance Sheets – Other Non-current Liabilities."

INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated.

	As of 31 December		As of 31 March	As of 31 July
	2018	2019	2020	2020
	(RMB in thousands)			
				(Unaudited)
Current				
Convertible notes	–	–	14,471	–
Lease liabilities	8,958	12,412	13,451	16,819
	8,958	12,412	27,922	16,819
Non-Current				
Lease liabilities	35,792	29,351	26,781	25,952
Total	44,750	41,763	54,703	42,771

Convertible notes

On 12 March 2020, our Company and HHJH entered into the Note Purchase Agreement, pursuant to which HHJH agreed to extend to our Company a loan up to US$30,000,000, which may be drawn by different installments, each evidenced by a convertible promissory note issued by our Company. HHJH was entitled to convert all or any portion of the principal amount, together with any interest and arrangement fees accrued thereon, into equity securities of our Company. During the period from 12 March 2020 to 11 May 2020, our Company issued five convertible promissory notes to HHJH for a total principal amount of US$17,000,000 (the "Notes"). Each of the Notes was due and payable on the earlier of the three hundred and sixty-fifth day from the date of each of the Notes and the date of termination of the Note Purchase Agreement unless it was converted into equity securities issued in the next round of financing. The number of equity securities issued by our Company to HHJH upon conversion of the Notes was equal to the quotient obtained by dividing the conversion amount on the date of conversion by the conversion price, which equaled (i) the purchase price per share of the equity securities of our Company to be sold in the next round of financing, or (ii) the per share price as otherwise agreed by our Company and HHJH. Subsequently, in May 2020, HHJH converted all principal amount, interest and arrangement fees under the Notes into Series B Preferred Shares of our Company. By a letter dated 24 June 2020, our Company and HHJH further agreed no additional notes will be issued or subscribed for under the Note Purchase Agreement.

Lease liabilities

Our lease liabilities are in relation to properties that we lease for our manufacturing and research and development activities and our office premises. The following table sets forth our lease liabilities as of the dates indicated:

	As of 31 December		As of 31 March	As of 31 July
	2018	2019	2020	2020
	(RMB in thousands)			
				(Unaudited)
Current	8,958	12,412	13,451	16,819
Non-current	35,792	29,351	26,781	25,952
Total	44,750	41,763	40,232	42,771

The table below categorizes our lease liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date.

	As of 31 December		As of 31 March	As of 31 July
	2018	2019	2020	2020
	(RMB in thousands)			
				(Unaudited)
Less than 1 year	8,958	12,412	13,451	16,819
Between 1 and 2 years	10,351	11,783	12,291	9,280
Between 2 and 5 years	17,203	8,902	6,190	9,088
Over 5 years	8,238	8,666	8,300	7,584
Total	44,750	41,763	40,232	42,771

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to our Company, including cash and cash equivalents, internally generated funds, available financing facilities and the estimated net proceeds from the Listing, the Group has 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 (including any production costs) for at least the next 12 months from the expected date of this prospectus. In view of cash outflow from operating activities and net losses throughout the Track Record Period and net current liabilities as of 31 December 2019 and 31 March 2020, we plan to ensure working capital sufficiency by generating more cash flow from our operating activities, through launching and commercializing our products and enhancing our cost containment capacity and operating efficiency.

CAPITAL EXPENDITURE

We regularly incur capital expenditures to purchase and maintain our machinery and equipment to enhance our research and development capabilities and expand our business operations. Historically, we funded our capital expenditures mainly through equity financing. The table below sets forth our capital expenditures for the periods indicated:

	Year ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
Purchases of property, plant and equipment	27,637	20,593	7,578	6,060
Purchase of intangible assets	1,888	7,354	130	2,149
Total	29,525	27,947	7,708	8,209

We expect to incur capital expenditures of approximately RMB92.4 million in 2020. These expected capital expenditures are primarily for purchase of equipment and instruments to enlarge our manufacturing capacity and purchase of intangible assets. We expect to finance our capital expenditures through a combination of the net proceeds from the Global Offering and equity financing. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL COMMITMENTS

Operating Lease Commitments for Short-term and Low-value Leases

We lease office and/or manufacturing facilities in both Shanghai and Yuxi under operating leases expiring on different dates. As of 31 March 2020, we had operating lease commitments of approximately RMB2.4 million. Payments under operating leases are expensed on a straight-line basis over the periods of the respective leases. The following table sets forth our commitments for future minimum lease payments under our operating leases which fall due as indicated:

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Less than 1 year	81	924	2,223
Between 1 and 5 years	94	63	175
Total	**175**	**987**	**2,398**

Capital Commitments

As of 31 December 2018 and 2019 and 31 March 2020, we had capital commitments in respect of the acquisition of equipment of approximately RMB11.2 million, RMB19.4 million and RMB15.8 million, respectively, primarily in connection with our research and manufacturing activities. The following table sets forth our capital commitments as of the date indicated:

	As of 31 December		As of 31 March
	2018	2019	2020
	(RMB in thousands)		
Contracted but not provided for			
– Property, plant and equipment	11,180	19,378	15,796

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.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including currency risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. Save as disclosed below, we did not hedge or consider necessary to hedge any of these risks as of the Latest Practicable Date. For further details, see note 3.1 to the Accountant's Report set out in Appendix I to this prospectus.

Currency Risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates. We operate in the PRC with most of the transactions settled in Renminbi. Our presentation and functional currency is Renminbi. We are not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of us denominated in the currencies other than Renminbi, except for the cash at bank in U.S. Dollar which were primarily received from the investors as capital contributions. We did not use any derivative contracts to hedge against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As of 31 December 2018 and 2019 and 31 March 2020, if Renminbi strengthened or weakened by 10% against the U.S. Dollar with all other variables held constant, loss for each of the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 would decrease or increase by RMB88.0 thousand, RMB6.3 million and RMB3.6 million, respectively.

Credit Risk

Credit risk mainly arises from short-term deposits, bank balance and trade receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

The credit risk of short-term deposit and bank balance is limited because the counterparties are state-owned or publicly-listed commercial banks. For trade and other receivables, our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward-looking information. We apply the simplified approach to measuring expected credit losses using a lifetime expected loss allowance for our trade receivables.

As of 31 December 2019 and 31 March 2020, we had nil balance in respect of trade receivables. As of 31 December 2018, our trade receivables were RMB581.0 thousand, aging from seven to 12 months, which had been settled in 2019. Based on past experience, nil bad debt loss was incurred in the past two years. Considering that the credit risk of the trade receivables as of 31 December 2018 was minor, nil loss allowance provision for trade receivables was recognized during the Track Record Period.

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. For details, see note 3.1 to Accountant's Report set out in Appendix I.

RELATED PARTY TRANSACTIONS

Transactions

We had the following transactions (excluding loans) during the Track Record Period with certain related parties:

	Year Ended 31 December		Three Months Ended 31 March	
	2018	**2019**	**2019**	**2020**
	(RMB in thousands)			
			(Unaudited)	
Purchase of rental services and utilities from				
–Yuxi Walvax	6,143	7,371	1,024	1,434
–ABS	–	146	–	146
Purchase of technical development services from				
–Walvax	945	–	–	–
Purchase of raw materials from				
–Shanghai Zerun Biotechnology Co., Ltd.	97	–	–	–
Purchase of research and development services from				
–ABS	–	1,410	–	2,206
Total	**7,185**	**8,927**	**1,024**	**3,786**

In addition, we had the following loans from certain related parties during the Track Record Period:

	Year Ended 31 December		Three Months Ended 31 March	
	2018	2019	2019	2020
	(RMB in thousands)			
			(Unaudited)	
Loans from Walvax				
Beginning of the year/period	31,900	–	–	–
Loans advanced	64,000	–	–	–
Loan repayments made	(95,900)	–	–	–
Interest charged	4,587	–	–	–
Interest paid	(4,587)	–	–	–
End of year/period	–	–	–	–
Loans from Zhejiang Conba Pharmaceutical Co., Ltd. ("Zhejiang Conba")				
Beginning of the year/period	–	–	–	–
Loans advanced	5,000	–	–	–
Loan repayments made	(5,000)	–	–	–
Interest charged	34	–	–	–
Interest paid	(34)	–	–	–
End of year/period	–	–	–	–
Convertible loans from HHJH				
Beginning of the year/period	–	–	–	–
Convertible loans advanced	–	–	–	13,928
Loans converted into the equity securities	–	–	–	–
Interest cost charged	–	–	–	301
Exchange losses	–	–	–	242
End of year/period	–	–	–	14,471

The loans from Walvax were unsecured, repayable on demand and carried interests at the fixed rate of 8% per annum for the years ended 31 December 2017 and 2018. The loans had been repaid in full as of September 2018.

The loans from Zhejiang Conba were unsecured, repayable on demand and carried interests at the fixed rate of 8% per annum for the years ended 31 December 2018. The loans had been repaid in full as of August 2018.

For details of the convertible loans from HHJH, see "– Indebtedness – Convertible note."

It is the view of our Directors that each of the above transactions (i) was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) does not distort our track record period results or make our historical results not reflective of future performance.

Balances

The below table sets forth the balances with related parties as of the dates indicated. See "– Discussion of Certain Selected Items from the Consolidated Statements of Balance Sheets – Amounts Due from Related Parties" and "– Discussion of Certain Selected Items from the Consolidated Statements of Balance Sheets – Amounts Due to Related Parties" in this section for details.

	As of 31 December		Three Months Ended 31 March
	2018	2019	2020
	(RMB in thousands)		
Amounts due from related parties			
Non-trade in nature			
HHJH	466,725	–	–
Watchmen Alpha Limited	–	20,942	20,942
Total	**466,725**	**20,942**	**20,942**
Amounts due to related parties			
Trade in nature			
Yuxi Walvax	–	5,555	7,198
ABS	–	635	744
	–	6,190	7,942
Non-trade in nature			
Yuxi Walvax	21	21	21
ABS	–	41,907	41,531
HHJH	–	–	14,471
	21	41,928	56,023
Total	**21**	**48,118**	**63,965**

Note: The non-trade amounts due to ABS were attributable to the contingent consideration for the acquisition of business.

DIVIDENDS

We have never declared or paid any dividends on our ordinary shares or any other securities during the Track Record Period. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends.

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. 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. Investors should not purchase our shares with the expectation of receiving cash dividends.

DISTRIBUTABLE RESERVES

As of 31 March 2020, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$174.5 million (including underwriting commission, assuming an Offer Price of HK$22.15 per Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Share), assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Plans. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended 31 December 2018 and 2019 and RMB11.0 million was recognized and charged for the three months ended 31 March 2020. In 2020, approximately HK$63.9 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$110.6 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 6.6%, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$22.15 per Offer Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Offer Share in this prospectus.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to our owners as at 31 March 2020 as if the Global Offering had taken place on such date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to our owners has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to our owners as at 31 March 2020 or at any further dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible liabilities of our Group attributable to our owners as at 31 March 2020 as derived from the Accountant's Report set out in Appendix I to this prospectus and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 31 March 2020 or at any future date.

	Audited consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets per share**	
	Note 1	*Note 2*		*Note 3*	*Note 4*
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$20.30 per Share	53,933	2,012,243	2,066,176	5.18	5.87
Based on an Offer Price of HK$24.00 per Share	53,933	2,387,954	2,441,887	6.12	6.94

Notes:

(1) The audited consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020 is extracted from the Accountant's Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net assets attributable to the owners of the Company as at 31 March 2020 of RMB139,859,000 with an adjustment for the intangible assets attributable to the owners of the Company as at 31 March 2020 of RMB85,926,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$20.30 and HK$24.00 per share after deduction of the estimated underwriting fees and other related expenses payable by the Company, and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note 2 above and on the basis that 398,851,587 shares are in issue (excluding the ordinary shares and Series B Preferred Shares issued after 31 March 2020 as described in note (5) below), assuming the Global Offering had been completed on 31 March 2020 but takes no account of any shares which may fall to be issued upon the exercise of the Over-Allotment Option.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.88240. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2020. Among others:

   (a) 1,500,000 new ordinary shares issued pursuant to the shares subscription agreements dated 11 May 2020;

   (b) 72,788,313 Series B Preferred Shares issued pursuant to the shares subscription agreement dated 18 May 2020;

   (c) 6,383,426 new ordinary shares issued pursuant to the cancellation of service condition and full vest of an employee share option plan;

   (d) 1,000,000 new ordinary shares issued pursuant to the share option plan;

   (e) 568,182 new ordinary shares issued pursuant to the ABT Subscription and Stock Purchase Agreement.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 March 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since 31 March 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I.

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.

SHARE CAPITAL

The authorised share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Plans) is as follows:

Authorised Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares *(US$)*
1,000,000,000	Ordinary shares of par value of US$0.00002 each	20,000.00

The issued share capital of our Company as of the date of this Prospectus and immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Plans) is as follows:

Issued Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares	% of the issued share capital
360,642,326	Shares in issue as of the date of this prospectus	US$7,212.84652	74.96%
568,182	Consideration Shares to be issued pursuant to the ABT Subscription and Stock Purchase Agreement	US$11.36364	0.12%
119,881,000	Shares to be issued pursuant to the Global Offering	US$2,397.62000	24.92%
481,091,508	Total Shares in issue immediately following the Global Offering	US$9,621.83016	100%

ASSUMPTIONS

The above table assumes that (i) the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering is made and (ii) the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Option Plans. The above table also does not take into account any Shares which may be issued or repurchased by the Company under the general mandates granted to our Directors as referred to below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at all times after Listing, our Group must maintain the minimum prescribed percentage of 25% (or such applicable percentage as prescribed by the Hong Kong Stock Exchange) of the issued share capital of our Group in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares now in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on our Shares on a record date which falls after the date of this prospectus.

SHARE OPTION SCHEMES

We have adopted the Share Option Plans. For details and principal terms of the Share Option Plans, please see "Statutory and General Information – D. Share Option Schemes" in Appendix IV.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Share Option Plans or any other option scheme(s) or other similar arrangements or any scrip dividends in accordance with the Articles or a specific authority granted by the Shareholders, Shares or securities or options convertible into Shares and to make or grant offers and agreements which or might require Shares to be allotted with an aggregate nominal value not exceeding the sum of:

(a) 20% of the aggregate number of Shares in issue immediately following the completion of the Global Offering (without taking into account Shares which may be issued upon exercise of the Over-allotment Option or any Shares issued upon exercise of any options which may be granted under the Share Option Plans); and

(b) the aggregate number of Shares repurchased by the Company (if any) pursuant to the Repurchase Mandate referred to in the paragraph headed "General Mandate to Repurchase Shares" below.

This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions);

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and the Articles of Association or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

See "Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 4. Resolutions of the Shareholders of Our Company dated 18 September 2020" in Appendix IV for further details of this general mandate to issue Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of the Company in issue following the completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme). This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information – A. Further information about our Company and our Subsidiaries – 5. Repurchase of our Shares" in Appendix IV to this Prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions);

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and the Articles of Association or the relevant Cayman Companies Law or any other applicable law of the Cayman Islands to be held; or

(c) the date when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this Repurchase Mandate, see "Statutory and General Information – A. Further information about our Company and our Subsidiaries – 5. Repurchase of our Shares" in Appendix IV.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Cayman Companies Law, an exempted company is not required by law to hold a general meeting at least once a year or any class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles of Association, a summary of which is set out in "Summary of the Constitution of our Company and the Cayman Islands Company Law" in Appendix III.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 500) which may be purchased with an aggregate amount of approximately US$187 million (approximately HK$1,449 million) (calculated based on the conversion rate of 1USD: 7.7503HKD) at the Offer Price (the "**Cornerstone Placing**").

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing signifies that such investors have confidence in our business and prospects. Other than the three existing shareholders or their close associates who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by some of the underwriters in the Global Offering. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will not be counted towards the public float of our Company under Rule 18A.07 of the Listing Rules.

Immediately following the completion of the Global Offering, the Cornerstone Investors (save for HHJH) will not have any Board representation in our Company and will not become substantial shareholders of our Company.

To the best knowledge of our Company, (i) each of the Cornerstone Investors (save for HHJH) is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive, Substantial Shareholders (other than HHJH), existing Shareholders (other than Hong Kong Tigermed Healthcare Technology Co., Limited and Aranda Investments, which are existing Shareholders of our Company or their close associates as described below) or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Substantial Shareholders (other than HHJH), existing Shareholders (other than Hong Kong Tigermed Healthcare Technology Co., Limited and Aranda Investments, which are existing Shareholders of our Company or their close associates as described below) or any of its subsidiaries or their respective close associates.

Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price. There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

Three of the Cornerstone Investors, namely HHJH, Hong Kong Tigermed Healthcare Technology Co., Limited and Aranda Investments, which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and the waiver from Rule 9.09(b) of the Listing Rules.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation". Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around 6 October 2020.

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming a final Offer Price of HK$20.30 per Share (being the low-end of the indicative Offer Price range) Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
	(in millions)		Approximately % of the Offer Shares	Approximately % of the issued share capital[2]	Approximately % of Offer Shares	Approximately % of the issued share capital[2]
HHJH Holdings Limited	US$35	13,362,500	11.15%	2.78%	9.69%	2.68%
OrbiMed Funds	US$25	9,544,500	7.96%	1.98%	6.92%	1.91%
Hong Kong Tigermed Healthcare Technology Co., Limited	US$22	8,399,000	7.01%	1.75%	6.09%	1.68%
Aranda Investments Pte. Ltd.	US$20	7,635,500	6.37%	1.59%	5.54%	1.53%
Pacific Asset Management Co. Limited	US$20	7,635,500	6.37%	1.59%	5.54%	1.53%
Matrix Partners	US$20	7,635,500	6.37%	1.59%	5.54%	1.53%
Logos Global Master Fund LP	US$10	3,817,500	3.18%	0.79%	2.77%	0.76%
PA Investment Funds SPC – PA Special Opportunities Fund II SP	HK$77.503	3,817,500	3.18%	0.79%	2.77%	0.76%
Tudor Systematic Tactical Trading L.P.	US$10	3,817,500	3.18%	0.79%	2.77%	0.76%
3W Fund Management Limited	US$5	1,908,500	1.59%	0.40%	1.38%	0.38%
Athos Asia Event Driven Master Fund	US$5	1,908,500	1.59%	0.40%	1.38%	0.38%
YF Life Insurance International Limited	US$5	1,908,500	1.59%	0.40%	1.38%	0.38%
Total	US$187	71,390,500	59.55%	14.84%	51.78%	14.30%

Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming a final Offer Price of HK$22.15 per Share (being the mid-point of the indicative Offer Price range) Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital[2]	Approximately % of Offer Shares	Approximately % of the issued share capital[2]
	(in millions)					
HHJH Holdings Limited	US$35	12,246,500	10.22%	2.55%	8.88%	2.45%
OrbiMed Funds	US$25	8,747,500	7.30%	1.82%	6.35%	1.75%
Hong Kong Tigermed Healthcare Technology Co., Limited	US$22	7,697,500	6.42%	1.60%	5.58%	1.54%
Aranda Investments Pte. Ltd.	US$20	6,998,000	5.84%	1.45%	5.08%	1.40%
Pacific Asset Management Co. Limited	US$20	6,998,000	5.84%	1.45%	5.08%	1.40%
Matrix Partners	US$20	6,998,000	5.84%	1.45%	5.08%	1.40%
Logos Global Master Fund LP	US$10	3,499,000	2.92%	0.73%	2.54%	0.70%
PA Investment Funds SPC – PA Special Opportunities Fund II SP	HK$77.503	3,499,000	2.92%	0.73%	2.54%	0.70%
Tudor Systematic Tactical Trading L.P.	US$10	3,499,000	2.92%	0.73%	2.54%	0.70%
3W Fund Management Limited	US$5	1,749,500	1.46%	0.36%	1.27%	0.35%
Athos Asia Event Driven Master Fund	US$5	1,749,500	1.46%	0.36%	1.27%	0.35%
YF Life Insurance International Limited	US$5	1,749,500	1.46%	0.36%	1.27%	0.35%
Total	US$187	65,431,000	54.58%	13.60%	47.46%	13.11%

Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming a final Offer Price of HK$24.00 per Share (being the high-end of the indicative Offer Price range) Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
	(in millions)		Approximately % of the Offer Shares	Approximately % of the issued share capital[2]	Approximately % of Offer Shares	Approximately % of the issued share capital[2]
HHJH Holdings Limited	US$35	11,302,500	9.43%	2.35%	8.20%	2.26%
OrbiMed Funds	US$25	8,073,000	6.73%	1.68%	5.86%	1.62%
Hong Kong Tigermed Healthcare Technology Co., Limited	US$22	7,104,000	5.93%	1.48%	5.15%	1.42%
Aranda Investments Pte. Ltd.	US$20	6,458,500	5.39%	1.34%	4.68%	1.29%
Pacific Asset Management Co. Limited	US$20	6,458,500	5.39%	1.34%	4.68%	1.29%
Matrix Partners	US$20	6,458,500	5.39%	1.34%	4.68%	1.29%
Logos Global Master Fund LP	US$10	3,229,000	2.69%	0.67%	2.34%	0.65%
PA Investment Funds SPC – PA Special Opportunities Fund II SP	HK$77.503	3,229,000	2.69%	0.67%	2.34%	0.65%
Tudor Systematic Tactical Trading L.P.	US$10	3,229,000	2.69%	0.67%	2.34%	0.65%
3W Fund Management Limited	US$5	1,614,500	1.35%	0.34%	1.17%	0.32%
Athos Asia Event Driven Master Fund	US$5	1,614,500	1.35%	0.34%	1.17%	0.32%
YF Life Insurance International Limited	US$5	1,614,500	1.35%	0.34%	1.17%	0.32%
Total	US$187	60,385,500	50.37%	12.55%	43.80%	12.10%

Notes:

(1) Rounded down to the nearest whole board lot of 500 Shares. Calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering-Exchange rate conversion".

(2) Immediately following the completion of the Global Offering, assuming no Shares are issued under the Share Option Plans.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

1. HHJH

HHJH Holdings Limited ("**HHJH**") is an exempted company incorporated in the Cayman Islands with limited liability. HHJH is wholly owned by HH BIO Investment Fund, L.P. ("**HH BIO**"), an exempted limited partnership established in the Cayman Islands. The sole limited partner of HH BIO is Hillhouse Fund IV, L.P., which is managed and controlled by Hillhouse Capital Management, Ltd., an exempted company incorporated under the laws of the Cayman Islands ("**Hillhouse Capital**"). The sole general partner of HH BIO is HH BIO Holdings GP, Ltd. The principal business activity of HHJH is investment holding.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital is a Sophisticated Investor and invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services.

2. OrbiMed Funds

Investors on behalf of OrbiMed include OrbiMed Partners Master Fund Limited ("**OPM**"), OrbiMed Genesis Master Fund, L.P. ("**Genesis**"), OrbiMed New Horizons Master Fund, L.P. ("**ONH**"), and The Biotech Growth Trust PLC ("**BIOG**" and, collectively with OPM, Genesis and ONH, the "**OrbiMed Funds**"). OrbiMed Capital LLC is the investment advisor for OPM and the portfolio manager of BIOG. OPM is an exempted company limited by shares incorporated under the laws of Bermuda. BIOG is a publicly listed trust organized under the laws of England. Genesis and ONH are each exempted limited partnerships incorporated under the laws of the Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

3. Hong Kong Tigermed Healthcare Technology Co., Limited

Hong Kong Tigermed Healthcare Technology Co., Limited, a company incorporated in Hong Kong, is a wholly-owned subsidiary of Hangzhou Tigermed Consulting Co., Ltd. ("**Hangzhou Tigermed**"), a Company listed on the Shenzhen Stock Exchange (stock code: 300347) and the Stock Exchange (stock code: 3347). The company is a contract research organization (CRO) that provides professional services for research and development of pharmaceutical and health-related products at home and abroad, mainly providing Phase I-IV clinical trials, data management, statistical analysis and registration application for medical products.

Hongkong Tigermed (being an existing Shareholder) is a wholly-owned subsidiary of Hangzhou Tigermed; the general partner of TG River (being an existing Shareholder) is a wholly-owned subsidiary of Hongkong Tigermed; Tiger Jade (being an existing Shareholder) is wholly owned by Tiger Jade Capital Fund L.P., which is in turn indirectly owned as to 48.97% by Hangzhou Tigermed (through a limited partner of Tiger Jade Capital Fund L.P.). As such, Hong Kong Tigermed Healthcare Technology Co., Limited is a close associate of Hongkong Tigermed, TG River and Tiger Jade.

4. Aranda Investments Pte. Ltd.

Aranda Investments is a company incorporated in Singapore and its principal activity is investment trading and investment holding. Aranda Investments is wholly owned by Seletar Investments Pte Ltd, which in turn is wholly owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited is a wholly owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Supported by its network of international offices, Temasek owns a S$306 billion portfolio as at 31 March 2020, with two thirds underlying exposure in Asia. Temasek's investment activities are guided by four investment themes and the long term trends they represent: Transforming Economies; Growing Middle Income Populations; Deepening Comparative Advantages; and Emerging Champions. Temasek's investment strategy allows it to capture opportunities across the sectors in which they invest that help bring about a better, smarter and more connected world. Its investments in the life sciences sector include Wuxi Apptech, Celltrion, Inc., Thermo Fisher Scientific Inc., Aerogen, Dr. Agarwal's Healthcare, Hangzhou Tigermed, Orchard Therapeutics, and Surgery Partners.

5. Pacific Asset Management Co. Limited

Pacific Asset Management Co. Limited (太平洋資產管理有限責任公司) ("**PAMC**") was incorporated in June 2006 in the PRC with the approval of China Insurance Regulatory Commission (中國保險監督管理委員會). China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) ("**China Pacific Insurance**"), a company listed on both the Shanghai Stock Exchange (stock code: 601601) and the Stock Exchange (stock code: 2601), directly and indirectly holds 99.7% equity interest of PAMC.

PAMC mainly engages in management of capital and insurance funds, outsourcing of asset management, consulting services relating to asset management, and other asset management business as permitted under the PRC laws and regulations.

PAMC is ultimately controlled by China Pacific Insurance, which is an insurance group company established on the basis of the former China Pacific Insurance Company Limited (中國太平洋保險公司), which was incorporated in May 1991. Headquartered in Shanghai, China Pacific is a leading comprehensive insurance group in China.

6. Matrix Partners

Each of Matrix Partners China VI, L.P., and Matrix Partners China VI-A, L.P. (collectively referred to as the "**Matrix Partners**") is an exempted limited partnership organized and existing under the laws of the Cayman Islands and a sophisticated investor. Matrix Partners are venture capital funds with a primary purpose of making investments in the PRC, mainly focusing on companies in the advanced technology, mobile internet, healthcare and consumer sectors. The general parter of both Matrix Partners China VI, L.P. and Matrix Partners China VI-A, L.P. is Matrix China Management VI, L.P., whose general partner is Matrix China VI GP GP, Ltd. Each of Matrix Partners China VI, L.P. and Matrix Partners China VI-A, L.P. had 47 limited partners as of the Latest Practicable Date, and none of such limited partners holds 30% or more interests in either Matrix Partners China VI, L.P. or Matrix Partners China VI-A, L.P..

7. Logos Global Master Fund LP

Logos Global Master Fund LP is a Cayman Islands exempted limited partnership ("**Logos Capital**"). Logos Capital pursues an investment strategy focused primarily on investing in companies in the biotechnology sector. The investment activities of Logos Capital are managed by its investment advisor, Logos Global Management LP, led by a team of senior investment professionals with significant experience investing together. Logos Global Management GP LLC is the general partner of Logos Global Management LP. Logos Global Management GP LLC is the manager of Logos Global Management LP. Dr. Arsani William is the controlling person of Logos Global Management LP and Logos Global Management GP LLC.

8. PA Investment Funds SPC – PA Special Opportunities Fund II SP

PA Investment Funds SPC – PA Special Opportunities Fund II SP ("**PA Fund**") is a sub-fund of PA Investment Funds SPC, which is incorporated in the Cayman Islands and is managed by China PA Asset Management (Hong Kong) Company Limited ("**PA AMC**"). PA AMC is an indirect subsidiary of Ping An Insurance (Group) Company of China, Ltd. ("**Ping An Group**"), which is a leading financial conglomerate based in China and listed on the Stock Exchange (stock code: 2318) and the Shanghai Stock Exchange (stock code: 601318).

9. Tudor Systematic Tactical Trading L.P.

Tudor Systematic Tactical Trading L.P. ("**TSTT**") is a Cayman Islands limited partnership that was originally incorporated in 2013. TSTT is an investment fund advised by Tudor Investment Corporation, a registered investment adviser with the U.S. Securities and Exchange Commission. TSTT's principal investment objective is to seek capital appreciation primarily through quantitative trading on a global basis. TSTT's investor base is global and consists of institutional investors and high net worth individuals; Mr. Paul Tudor Jones II is the only individual ultimate beneficial owner of TSTT, owning in excess of 25% interest.

10. 3W Fund Management Limited

3W Fund Management Limited ("**3W**") is incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. 3W has agreed to procure certain investment funds, namely 3W Greater China Focus Fund and 3W Global Fund, over which 3W has discretionary investment management power over, to subscribe for, and failing which 3W will subscribe for, such number of the Offer Shares. 3W Greater China Focus Fund and 3W Global Fund pursue to maximize absolute return and seek longterm capital growth primarily through fundamental investment principle with value approach. 3W is ultimately owned by an individual who is an independent third party.

11. Athos Asia Event Driven Master Fund

Athos Asia Event Driven Master Fund ("**Athos**") is an exempted company incorporated with limited liability in the Cayman Islands. Athos Capital Limited ("**Athos Capital**") serves as the sole investment manager of the Athos. Athos Capital manages assets on behalf of a global institutional client base, including sovereign wealth funds, university endowments, foundations and family offices. Founded in 2011, Athos Capital pursues a variety of investment strategies with a view to providing superior and sustainable long term returns for its clients. Athos Capital is wholly-owned by Mr. Matthew Love MOSKEY and Mr. Friedrich Bela SCHULTE-HILLEN (together, the "**Principals**"), who also serve as the two Responsible Officers of Athos Capital.

12. YF Life Insurance International Limited

YF Life Insurance International Limited ("**YF Life**") is a part of the group of Yunfeng Financial Group Limited, a company listed on the Stock Exchange (stock code: 376), whose major shareholders include Yunfeng Financial Holding Limited and MassMutual International LLC (a subsidiary of Massachusetts Mutual Life Insurance Company).

YF Life's insurance business remained as authorized insurer licensed to carry on life and annuity, linked long term, permanent health, and retirement scheme management long term insurance businesses in Hong Kong. It also operates in Macau through a branch office and is licensed to sell life insurance products in Macau.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the representations, warranties, undertakings and confirmations of such Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investor Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Plans), the following persons (other than a Director or chief executive of the Company) will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of substantial shareholder	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of shareholding in our Company after completion of the Global Offering
HHJH Holdings Limited[(1)]	Beneficial interest	139,601,603	29.02%
HH BIO Investment Fund, L.P.[(1)]	Interest in a controlled corporation	139,601,603	29.02%
Hillhouse Fund IV, L.P.[(1)]	Interest in a controlled corporation	139,601,603	29.02%
Hillhouse Capital Management, Ltd.[(1)]	Interest in a controlled corporation	141,351,603	29.38%
Kanghe Medical Technology Limited[(2)]	Beneficial interest	44,311,060	9.21%
Shanghai Kang Jia Medical Technology Co., Ltd.[(2)]	Interest in a controlled corporation	57,803,022	12.01%
Zhejiang CONBA Pharmaceutical Co., Ltd.[(2)]	Interest in a controlled corporation	57,803,022	12.01%
Walga[(3)]	Beneficial interest	37,560,998	7.81%
Shanghai Walga Biotechnology Co., Ltd.[(3)]	Interest in a controlled corporation	37,560,998	7.81%
Yunnan Walvax[(3)]	Interest in a controlled corporation	37,560,998	7.81%

Name of substantial shareholder	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of shareholding in our Company after completion of the Global Offering
Shanghai Changnuo Enterprise Management Partnership (Limited Partnership)[4]	Beneficial interest	25,000,000	5.20%
Pingtan Guanyou Shareholding Investment Management Partnership (Limited Partnership)[4]	Interest in a controlled corporation	25,000,000	5.20%
Shanghai Guanyou Investment Development Co., Ltd.[4]	Interest in a controlled corporation	25,000,000	5.20%
CHEN Yong[4]	Interest in a controlled corporation	25,000,000	5.20%
Aranda Investments [5]	Beneficial Owner	30,381,848	6.32%
Seletar Investments Pte Ltd [5]	Interest in a controlled corporation	30,381,848	6.32%
Temasek Capital (Private) Limited[5]	Interest in a controlled corporation	30,381,848	6.32%
Temasek Holdings (Private) Limited[5]	Interest in a controlled corporation	32,381,848	6.73%

Notes:

(1) HHJH Holdings Limited is wholly-owned by HH BIO Investment Fund, L.P. ("HH BIO"). While the general partner of HH BIO is HH BIO Holdings GP, Ltd., all investment related decisions of HH BIO, including but not limited to acquisition and disposition of the investments, requires prior approval of its sole limited partner, Hillhouse Fund IV, L.P. ("Hillhouse Fund IV"), pursuant to a limited partnership agreement governing HH BIO. HM Healthcare is owned as to 71.03% by HM Healthcare Services, Ltd. ("HM Healthcare Services"), whose controlling stake is held by Hillhouse Fund II, L.P. ("Hillhouse Fund II"). Hillhouse Capital Management, Ltd. ("Hillhouse Capital") acts as the sole management company of both Hillhouse Fund II and Hillhouse Fund IV. As such, under the SFO, HH BIO and Hillhouse Fund IV are deemed to be interested in the 139,601,603 Shares held by HHJH Holdings Limited, and Hillhouse Capital is deemed to be interested in the 141,351,603 Shares held by HHJH Holdings Limited and HM Healthcare.

These Shares include the Shares to be subscribed by HHJH as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range). For more details, please see the section headed "Cornerstone Investors".

(2) Both Kanghe Medical Technology Limited and Kang Jia Medical Technology Limited are wholly-owned by Shanghai Kang Jia Medical Technology Co., Ltd. (上海康嘉醫療科技有限公司), which is in turn wholly-owned by Zhejiang CONBA Pharmaceutical Co., Ltd. (浙江康恩貝製藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600572). As such, under the SFO, Shanghai Kang Jia Medical Technology Co., Ltd. and Zhejiang CONBA Pharmaceutical Co., Ltd. are deemed to be interested in the 57,803,022 Shares held by Kanghe Medical Technology Limited and Kang Jia Medical Technology Limited.

(3) Walga is wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技術有限公司), which is in turn wholly-owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax are deemed to be interested in the 37,560,998 Shares held by Walga.

(4) Shanghai Guanyou Investment Development Co., Ltd. (上海觀由投資發展有限公司) is the general partner of Pingtan Guanyou Shareholding Investment Management Partnership (Limited Partnership) (平潭觀由股權投資合夥企業(有限合夥)), which in turn is the general partner of Shanghai Changnuo Enterprise Management Partnership (Limited Partnership) (上海昶諾企業管理合夥企業(有限合夥)). Shanghai Guanyou Investment Development Co., Ltd. is owned as to 99% by Mr. CHEN Yong. As such, under the SFO, Shanghai Guanyou Investment Development Co., Ltd., Pingtan Guanyou Shareholding Investment Management Partnership (Limited Partnership) and Mr. Chen are deemed to be interested in the 25,000,000 Shares held by Shanghai Changnuo Enterprise Management Partnership (Limited Partnership).

(5) Aranda Investments is wholly owned by Seletar Investments Pte Ltd, which in turn is wholly owned by Temasek Capital. Temasek Capital is a wholly owned subsidiary of Temasek Holdings. Birchtree Fund Investments Private Limited, an indirect-wholly owned subsidiary of Temasek Holdings, owns more than 33.3% limited partnership interests in TG Sino-Dragon Fund L.P., which is the sole shareholder of TG River. As such, under the SFO, Seletar Investments Pte Ltd, and Temasek Capital are deemed to be interested in the 30,381,848 Shares held by Aranda Investments Pte. Ltd., whereas Temasek Holdings is deemed to be interested in the 30,381,848 Shares and 2,000,000 Shares held by Aranda Investments Pte. Ltd. and TG River, respectively.

These Shares include the Shares to be subscribed by Aranda Investments as a cornerstone investor in the Global Offering (calculated based on the Offer Price of HK$20.30, being the low-end of the indicative Offer Price range). For more details, please see the section headed "Cornerstone Investors".

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Plans), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

BOARD OF DIRECTORS

Our Board of Directors comprises 8 Directors, including 2 Executive Directors, 3 Non-executive Directors and 3 Independent non-executive Directors. Our Directors are elected to serve a term of three years, which will be subject to retirement by rotation at the general meetings of our Company in accordance with the Articles of Association.

The following table sets out information in respect of our Directors:

Name	Age	Position	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility	Relationship with other Directors and Senior Management
Dr. ZHOU Joe Xin Hua (周新華)	67	Executive Director, President and Chief Scientist	25 November 2019	14 October 2008	In charge of overall R&D strategy and execution, and business direction of our Group	None
Dr. GUO Feng (郭峰)	50	Executive Director and Chief Executive Officer	16 April 2020	16 April 2020	In charge of overall management, business and strategy of our Group	None
Mr. YI Qingqing (易清清)	48	Chairman of our Board, Non-executive Director	3 December 2018	9 November 2018	Providing overall guidance on the business, strategies and development of our Group and taking part in decision-making on important matters of our Group	None
Mr. CHEN Yu (陳宇)	39	Non-executive Director	3 December 2018	9 November 2018	Providing overall guidance on the business, strategies and development of our Group and advising on matters relating to remuneration of our Directors and senior management	None

Name	Age	Position	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility	Relationship with other Directors and Senior Management
Dr. LI Ming (李明)	42	Non-executive Director	25 November 2019	13 August 2019	Providing overall guidance on the business, strategies and development of our Group	None
Mr. ZHOU Honghao (周宏灝)	81	Independent non-executive Director	Prospectus Date	Prospectus Date	Supervising and providing independent judgment to our Board	None
Mr. FUNG Edwin (馮冠豪)	55	Independent non-executive Director	16 June 2020	16 June 2020	Supervising and providing independent judgment to our Board	None
Mr. CHEN Wen (陳文)	51	Independent non-executive Director	16 June 2020	16 June 2020	Supervising and providing independent judgment to our Board	None

Executive Directors

Dr. ZHOU Joe Xin Hua (周新華), aged 67, joined our Group as a Chief Executive Officer of Genor Biopharma in October 2008. He served as a Chief Executive Officer of Genor Biopharma from 14 October 2008 to 20 May 2019 and has served as a director of Genor Biopharma since 20 June 2013. Since 20 May 2019, he has been re-designated as the President and Chief Scientist of our Group. Dr. Zhou was appointed as a Director of our Board on 25 November 2019 and was designated as an Executive Director on 24 June 2020. Dr. Zhou is primarily responsible for overall R&D strategy and execution, and business direction of our Group.

Prior to joining our Group, Dr. Zhou served as the research scientist and then the scientific director in the process development department of Amgen, Inc., a company listed on NASDAQ (ticker symbol: AMGN) from March 2004 and he focused on supervision of process research.

Dr. Zhou obtained a master's degree of science from China Medical University, the PRC in December 1982. He obtained a Ph.D in biopharmaceuticals from Queen's University of Belfast in the United Kingdom in December 1990. Dr. Zhou has served as the founder of China Protein Drug Quality Alliance (中國蛋白藥物質量聯盟). Dr. Zhou was a member of the monoclonal antibody committee of China Medicinal Biotech Association (中國醫藥生物技術協會單克隆抗體專業委員會) from October 2015 to September 2019 and the vice chairman of the International Innovation Drug Development Association (創新藥物研發聯合會) under the

Sino-EU Chemical Manufacturers Association Biomedical Committee (中歐生物醫藥委員會) from 2016 to 2018. In April 2015, he was awarded the "best task force award" from International Society for Pharmacoepidemiology China Annual Spring Conference. Dr. Zhou has been a visiting professor of Peking University since 2007, teaching the master's degree program in international pharmaceutical engineering management.

Dr. GUO Feng (郭峰), aged 50, is an Executive Director of our Company and Chief Executive Officer of our Group. He was appointed as a Director of our Board on 16 April 2020. Dr. Guo has also held the positions of director of Genor Biopharma and executive director of Yuxi Genor since 16 April 2020 and 3 June 2020, respectively. Dr. Guo is primarily responsible for the overall management, business and strategy of our Group. Dr. Guo has accumulated over 18 years of experience in biopharmaceutical industry, particularly in its management and in research and development. Prior to joining our Group, Dr. Guo was the chairman and director of Xuanzhu (Beijing) Pharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) from February 2019 to April 2020 and was responsible for supervising and managing its long-term development strategies and clinical operations. Dr. Guo was the executive director and vice president of Sihuan Pharmaceutical Holdings Group Limited (四環醫藥控股集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 460), from December 2017 to April 2018 and from August 2017 to December 2018, respectively. Dr. Guo served as the chief executive officer of Tayu Huaxia Biotech Medical Group Co., Ltd. (大有華夏生物醫藥集團有限公司), a company specialising in research and development of advanced immunotherapy drugs, from October 2016 to May 2017. He served at Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd. as the head of its China R&D Hub and vice president, from May 2013 to September 2016. From January 2002 to April 2013, Dr. Guo served with Pfizer, Inc., a company listed on NYSE (ticker symbol: PFE), and held a number of senior positions, including as the associate director at Pfizer Global R&D Headquarter based in Connecticut, the United States and the head of its Clinical Pharmacology Asia in China from January 2002 to June 2011, the director of its China R&D Center and the head of its Wuhan Research and Development Centre, China.

Dr. Guo obtained a Ph.D. in clinical pharmacology from the University of Toronto in Canada in May 2001.

Non-executive Directors

Mr. Yi Qingqing (易清清), aged 48, is the Chairman of our Board and a Non-executive Director. Mr. Yi was designated by HHJH and appointed as a Director and the chairman of our Board on 3 December 2018 and 25 November 2019, respectively. Mr. Yi has also been the chairman of Genor Biopharma since 9 November 2018. He is also a chairman of our Nomination Committee. Mr. Yi is primarily responsible for providing overall guidance on the business, strategies and development of our Group and taking part in decision-making on important matters of our Group.

Mr. Yi currently serves as a partner with Hillhouse. He has worked with Hillhouse since 2005. Mr. Yi's work at Hillhouse includes investments in the healthcare sectors. Mr. Yi is also a director of HM Healthcare, a member of Hillhouse. Mr. Yi has been an independent non-executive director of BeiGene, and has been a non-executive director of Junshi since December 2016.

Mr. Yi received a Bachelor of Science degree in engineering from Shanghai Maritime University in the PRC in July 1995 and a master's degree of business administration from University of Southern California in the United States in May 2003.

Mr. CHEN Yu (陳宇), aged 39, was designated by HHJH and appointed as a Director on 3 December 2018 and subsequently designated as a Non-executive Director on 24 June 2020. He is also a member of our Compensation Committee. Mr. Chen is primarily responsible for providing overall guidance on the business, strategies and development of our Group and advising on matters relating to remuneration of our Directors and senior management. Mr. Chen has also been a director of Genor Biopharma since 9 November 2018.

Mr. Chen has been an executive director of Hillhouse since August 2015. Before joining Hillhouse, he was a senior investment manager of Shanghai Panxin Investment Management Co., Ltd. (上海磐信股權投資管理有限公司) from January 2012 to July 2015. He served as an associate of the China Investment Banking department at Citigroup Global Markets Asia Limited from September 2010 to June 2011. From June 2007 to September 2007 and from January 2008 to September 2010, he was an analyst in the investment banking department of Bank of America Merrill Lynch.

Mr. Chen obtained a bachelor's degree in electronic engineering (information and communication engineering) from The Hong Kong University of Science and Technology in November 2003, a master's degree in electrical engineering from Yale University in Connecticut, the United States in December 2004 and a master's degree in management science and engineering from Stanford University in California, the United States in January 2008.

Dr. LI Ming (李明), aged 42, joined our Group as a director of Genor Biopharma on 13 August 2019 and was appointed as a Director of our Board on 25 November 2019. Dr. Li was designated as a Non-executive Director on 24 June 2020. He is also a member of our Audit Committee. Dr. Li is primarily responsible for providing overall guidance on the business, strategies and development of our Group.

Dr. Li has over 18 years of experience in the pharmaceutical industry. Prior to joining our Group, Dr. Li served at IMS Health Marketing Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司), a consultancy company for the pharmaceutical and healthcare industries, from June 2011 to January 2014. From October 2008 to May 2011, he served at GlaxoSmithKline (China) R&D Co., Ltd. (葛蘭素史克(上海)醫藥研發有限公司). From April 2007 to May 2008, he served at the chemical processing department of Suzhou Novartis Pharma Technology Co., Ltd (諾華(蘇州)科技製藥有限公司). During the period from

December 2002 and March 2007, he worked as a research assistant and postdoctoral researcher at various academic institutions, including Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences, the French Academy of Sciences and Pierre and Marie Curie University.

Dr. Li currently also serves as a director of multiple pharmaceutical companies including Suzhou Zanrong Pharmaceutical Technology Co., Ltd (蘇州贊榮醫藥科技有限公司), Antengene Corporation, Jiangsu Asieris Pharmaceuticals Technology Co., Ltd (江蘇亞虹醫藥科技有限公司) and Jiangsu Synecoun Medical Technology Co., Ltd. (江蘇信立康醫療科技有限公司).

Dr. Li graduated with a Bachelor of Science degree in chemistry and a master's degree in organic chemistry from Northwest University in Shaanxi Province, the PRC in February 1998 and July 2000, respectively. He obtained a doctoral degree of philosophy in organic chemistry from Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences in Shanghai, the PRC in August 2003.

Independent non-executive Directors

Mr. ZHOU Honghao (周宏灝), aged 81, is appointed as an Independent non-executive Director effective as of the date of this prospectus. He is primarily responsible for supervising and providing independent judgment to our Board. He is a member of our Audit Committee.

Mr. Zhou has served various positions in Xiangya School of Medicine, Central South University (中南大學湘雅醫學院) (formerly known as Hunan Medical University), including the director of Xiangya Medical Laboratory (湘雅醫學檢驗所), the director of the Institute of Clinical Pharmacology (臨床藥理研究所). Prior to that, Mr. Zhou was the vice president of the former Hunan Medical University and the director of the Institute of Clinical Pharmacology of Central South University. Mr. Zhou has also served as the director of Hunan Genetalks Biotechnology Co. Ltd. (湖南省人和未來生物科技有限公司) since May 2020.

Mr. Zhou graduated from Wuhan Medical College (which is now known as Tongji Medical College of Huazhong University of Science and Technology) with a bachelor's degree in clinical medicine in September 1962. In January 2018, a project led by Mr. Zhou won the second prize in the 2018 National Science and Technology Awards granted by the Central Committee of the Communist Party and the State Council of the PRC.

Mr. Zhou has served in different capacities in the following associations and organisations in the PRC:

- as an Academician of the Chinese Academy of Engineering (中國工程院) since 2005;

- as a committee member of the drug metabolism committee of the Chinese Pharmacological Society (中國藥理學會藥物代謝專業委員會) from 2000 to 2003;

- as a committee member of the phartnacogenomics committee of the Chinese Pharmacological Society (中國藥理學會藥物基因組學專業委員會) since November 2011;

- as a chairman of the Hunan Pharmaceutical Association (湖南省藥學會) from 2003 to 2016; and

- as a fellow of the Chinese Academy of Medical Sciences (中國醫學科學院) since August 2019.

Mr. FUNG Edwin (馮冠豪), aged 55, was appointed as an Independent non-executive Director on 16 June 2020. He is responsible for providing independent judgment to our Board; advising on matters relating to audit, remuneration and nomination matters of our Group. He is the Chairman of our Audit Committee and a member of our Compensation Committee and Nomination Committee.

Mr. Fung has over 34 years of experience in an international accounting firm. He joined KPMG in Hong Kong in July 1986. Mr. Fung held various senior positions in KPMG, including the founding chairman of KPMG's Global China Practice, the senior partner of KPMG Northern China region and Beijing office, and the Vice Chairman of KMPG China before he retired from KPMG in September 2017. Mr. Fung has been an independent director of Wanda Sports Group Company Limited, a company listed on NASDAQ (ticker symbol: WSG) since May 2019, and an independent director of Phoenix Tree Holdings Limited, a company listed on the New York Stock Exchange (stock code: DNK) since January 2020. He was the director of Beijing Vantone Real Estate Co., Ltd. (北京萬通地產股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600246) from June 2019 to December 2019. Mr. Fung currently acts as the advisor to the Sino-International Entrepreneurs Federation.

He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung obtained a diploma in accounting from Hong Kong Institution of Vocational Education in July 1986.

Mr. CHEN Wen (陳文), aged 51, was appointed as an Independent non-executive Director on 16 June 2020. He is the chairman of our Compensation Committee and a member of our Nomination Committee. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Chen has over 11 years of experience in clinical research and business development of pharmaceutical companies. Prior to joining our Group, Mr. Chen was the deputy general manager and general manager of the business development department of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300347) from September 2010 to February 2020 and from May 2009 to February 2020, respectively. Mr. Chen currently serves as a partner of healthcare investment at Shanghai Yonghua Investment Management Co., Ltd. (上海涌鏵投資管理有限公司).

Mr. Chen graduated from Purdue University, the United States with a bachelor's degree of science in May 1992. He obtained his master's degree in medicine in Washington University in St. Louis, the United States, and his master's degree in business administration in the University of Durham in the UK in May 1997 and December 1999, respectively.

SENIOR MANAGEMENT

The following table sets forth certain information in respect of the members of the senior management (other than our Directors) of our Company:

Name	Age	Position	Date of Appointment as Senior Management of our Group	Date of Joining our Group	Role and Responsibility	Relationship with Directors and other Senior Management
Dr. ZHOU Joe Xin Hua (周新華)	67	President and Chief Scientist	14 October 2008	14 October 2008	In charge of overall R&D strategy and execution, and business direction of our Group	None
Dr. GUO Feng (郭峰)	50	Chief Executive Officer	16 April 2020	16 April 2020	In charge of overall management, business and strategy of our Group	None
Dr. HU Qiyong (胡琦勇)	47	Chief Financial Officer and Chief Strategy Officer	2 September 2019	2 September 2019	Overall financial strategy and operations, financing, investor relations, overall strategic planning, business development and IT of our Group	None
Dr. KAN Steven Ziyi (闞子義)	58	Chief Technology Officer	1 March 2017	1 March 2017	Manufacturing science and technology of drug products and quality control	None
Mr. CHEN Wende (陳文德)	57	Chief Operation Officer	7 July 2020	7 July 2020	Strategic planning and execution of the commercialization of our drug candidates	None

Name	Age	Position	Date of Appointment as Senior Management of our Group	Date of Joining our Group	Role and Responsibility	Relationship with Directors and other Senior Management
Ms. LI Tong (李彤)	51	Chief Medical Officer	4 August 2020	4 August 2020	Overall management of clinical trials and clinical development	None
Ms. CHENG Huiyang (程慧暘)	45	Vice President, global strategy	15 November 2010	15 November 2010	Overall management of global commercial strategies	None
Mr. LIN Jun (林軍)	36	Vice President, quality analysis	2 January 2014	1 December 2008	CMC and quality analysis	None
Ms. CHEN Yao (陳瑤)	47	Vice President, regulatory affairs	10 July 2019	10 July 2019	Overall management of drug registration affairs	None
Mr. DUAN Qingtang (段清堂)	38	General Manager of Yuxi Genor	8 July 2014	8 July 2014	Overall supervision of Yuxi Genor manufacturing base	None

Dr. ZHOU Joe Xin Hua (周新華), aged 67, joined our Group in October 2008. He has been the President and Chief Scientist of our Group since 20 May 2019. Please refer to "– Board Of Directors – Executive Directors – Dr. ZHOU Joe Xin Hua (周新華)" in this section for his biography.

Dr. GUO Feng (郭峰), aged 50, was appointed as an Executive Director of our Company and Chief Executive Officer of our Group in April 2020. Please refer to "– Board Of Directors – Executive Directors – Dr. GUO Feng (郭峰)" in this section for his biography.

Dr. HU Qiyong (胡琦勇), aged 47, has served as the Chief Financial Officer and Chief Strategy Officer of our Group since 2 September 2019. Dr. Hu is primarily responsible for the overall financial strategy and operations, financing, investor relations, overall strategic planning, business development and IT of our Group.

Dr. Hu has over 16 years of experience in financial and investments matters, particularly in the healthcare and biotechnology industries. Prior to joining our Group, from June 2010 to August 2019, Dr. Hu served as a managing director in the corporate and investment bank division of the Deutsche Bank Group, and as the head of healthcare equity research for APAC, he focused on leading equity research covering healthcare related stocks in the PRC and Japan. From February 2008, Dr. Hu worked at Visium Asset Management LP, a healthcare-focused hedge fund company, and was responsible for running the book of healthcare investments in the Asian markets, and subsequently he served as the chief executive officer of Healthasia

Management Inc. From March 2007 to January 2008, Dr. Hu was a senior biotechnology analyst at Oppenheimer & Co. Inc., in charge of research covering biotechnology related stocks in the United States. During the period from May 2005 to November 2006, Dr. Hu served as an equity research associate at Prudential Equity Group, LLC, a broker-dealer primarily in the business of mortgage bankers and loan correspondents and at SVB Leerink (which was then known as Leerink Swann & Company) a leading investment bank, specializing in healthcare and life sciences. Dr. Hu also worked as an associate product manager at Wyeth, LLC, a pharmaceutical company, for the period between June 2004 and April 2005.

Dr. Hu received a bachelor's degree of science in biology from Wuhan University in Hubei Province, the PRC in July 1995. He earned his Ph.D in molecular genetics from the University of Texas M.D. Anderson Cancer Center in the United States in May 2002. He obtained a master's degree in business administration from Rice University in the United States in May 2014.

Dr. KAN Steven Ziyi (闞子義), aged 58, has been the Chief Technology Officer of our Group since March 2017. Dr. Kan is primarily responsible for manufacturing science and technology of drug products and quality control of our Group.

Before joining our Group, Dr. Kan was the vice president of the engineering department of Innovent Biologics (Suzhou) Co., Ltd (信達生物製藥(蘇州)有限公司) from September 2016 to February 2017 and was responsible for the design, planning and construction of the commercial facility for the biopharmaceutical product pipeline. He also served as the vice general manager (quality control) of Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司), a subsidiary of Livzon Pharmaceutical Group Inc., a company listed on the Hong Kong Stock Exchange (stock code: 1513), from April 2014 to March 2016 and the vice general manager of quality control of Sinocelltech Ltd. (神州細胞工程有限公司) from February 2013 to March 2014 and was primarily in charge of overseeing the quality control, quality assurance. Prior to that, he had served as an associate director of Ionis Pharmaceuticals, Inc. (which was then known as Isis Pharmaceuticals, Inc.), a company listed on NASDAQ (ticker symbol: IONS) from March 2008. He was the senior scientist in the biopharmaceuticals department of Allergan Inc. from January 2007 to March 2008. From November 2004 to January 2007, Dr. Kan worked as a senior principal scientist of Pfizer Inc., a company listed on the New York Stock Exchange (stock code: PFE). From September 2001 to November 2004, Dr. Kan was a senior scientist at the analytical sciences center of Monsanto Company. He served as a senior mass spectroscopist at the department of chemistry of Indiana University from April 1996 to September 2001 and was responsible for managing the operation of the lab and participating in research programs and supervising technical staff.

Dr. Kan earned his bachelor's degree of science in chemistry (environmental chemistry) and master's degree of science from Jilin University in the PRC in July 1984 and July 1987, respectively. In December 1993, he received a Ph.D in analytical chemistry from The University of British Columbia in Vancouver, Canada. He was a postdoctoral researcher in analytical chemistry at Purdue University, West Lafayette, Indiana, the United States.

Mr. CHEN Wende (陳文德), aged 57, has been appointed as the Chief Operation Officer of our Group since July 2020. Mr. Chen is primarily responsible for strategic planning and execution of the commercialization of our drug candidates.

Mr. Chen has over 28 years of experience in the pharmaceutical industry. Prior joining our Group, Mr. Chen was the vice president of corporate affairs, market access and channel management of Shanghai Roche Pharmaceuticals Limited (上海羅氏製藥有限公司) from October 2016 to May 2019. He worked as the senior vice president of Zhejiang Hisun Pharmaceutical Co., Ltd (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267) from September 2012 to December 2014, and was responsible for the product sales and marketing in the PRC, and the president of the operation center of Luye Pharma Group Ltd. (綠葉製藥集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2186) from September 2011 and August 2012. He served as a senior vice president of the sales and marketing department of AstraZeneca (Wuxi) Trading Co., Ltd. (阿斯利康(無錫)貿易有限公司), a subsidiary of AstraZeneca Plc, a company whose shares are listed on the London Stock Exchange (stock code: AZN), Nasdaq Stockholm (stock code: AZN) and the New York Stock Exchange (stock code: AZN), from March 2010 to August 2011. He worked at Pfizer Investment Co., Ltd. (輝瑞投資有限公司) from 1992 to 2009, during which he served as the senior national sales director from 1994 to 2009, leading all therapeutics sales units and oncology business unit, sales training team and sales operation in Pfizer China.

Mr. Chen graduated from Bengbu Medical College in Bengbu, Anhui Province, the PRC with a bachelor's degree in medical clinic in July 1985. He obtained an executive master's degree of business administration from the Hong Kong University of Science and Technology in November 2006.

Ms. LI Tong (李彤), aged 51, has been serving as our Group's Chief Medical Officer since August 2020. Ms. Li is primarily responsible for the overall management of clinical trials and clinical development of our Group.

Before joining our Group, Ms. Li worked at the clinical development department of Xuanzhu (Beijing) Biopharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) as the senior vice president and the head of clinical development from November 2018 to July 2020. Ms. Li also served at Janssen China Research & Development Center, a division of Johnson & Johnson (China) Investment Ltd. from April 2016 to November 2018, where she last served as the senior director and the head of the clinical development department. From January 2010 to April 2016, Ms. Li served at the Beijing Branch of Xian Janssen Pharmaceutical Ltd. (西安楊森製藥有限公司), a subsidiary of Johnson & Johnson (China) Investment Ltd, including serving as TA head (internal medicine). Prior to that, she worked as a medical affairs manager of Beijing Merck Pharmaceutical Consulting, Ltd. (北京默克藥業諮詢有限公司), currently known as Merck Serono (Beijing) Pharmaceutical Research and Development Co., Ltd. (默克雪蘭諾(北京)醫藥研發有限公司), from September 2008 to January 2010. From September 2006 to September 2008, Ms. Li worked at Pfizer Investment Co., Ltd. (輝瑞投資有限公司), where she last served as the clinical research clinician. Before

that, Ms. Li held the position of research associate, in Ontario Cancer Institute in Toronto, Canada from April 1998. From August 1992 to July 1995, Ms. Li worked as a physician in China Rehabilitation Research Center.

Ms. Li graduated from Beijing Medical University, currently known as Peking University Health Science Center with a bachelor's degree in clinical medicine in July 1992. In May 1998, she received a master's degree of science from Queen's University at Kingston, Ontario, Canada.

Ms. CHENG Huiyang (程慧暘), aged 45, has been serving as our Group's vice president of global strategy since November 2019. Prior to joining our Group in November 2010 as vice president of our clinical operation, Ms. Cheng worked at Shanghai Biomabs Pharmaceuticals Co. Ltd. (上海百邁博製藥有限公司) from August 2010 to October 2010. Ms. Cheng was the senior project manager of the drug administration department of Drug Source Company, LLC (美國藥物資源有限公司), a subsidiary of Zhejiang Hisun Pharmaceutical Co, Ltd. (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267) from September 2003 to September 2009. Ms. Cheng obtained a bachelor's degree in pharmacy from China Pharmaceutical University, Nanjing, the PRC in July 1996 and a master's degree in International Pharmaceutical Engineering Management from the Peking University in January 2010.

Mr. LIN Jun (林軍), aged 36, has been serving as the vice president of quality analysis of our Group since January 2020. He is primarily responsible for the CMC and quality analysis of our Group. Prior to becoming our vice president, Mr. Lin joined our Group in December 2008 as a research assistant engineer, and was promoted and served as the manager and subsequently the director of the analytical sciences and formulation department of our Group from January 2014 to December 2019. Mr. Lin graduated from Xiamen University with a bachelor's degree in biological engineering in July 2006. He obtained a master's degree in biochemical engineering from Zhejiang University in June 2008.

Ms. CHEN Yao (陳瑤), aged 47, has been serving as the vice president of regulatory affairs of our Group since July 2019 and she is primarily responsible for the overall management of registration affairs of our Group. Prior to joining our Group, Ms. Chen worked in AbbVie Inc. as the head of regulatory affairs of China and Hong Kong from 2005 to 2019, leading the regulatory strategy development and regulatory activities for all new products and establishing products and building a strong regulatory team in both China and Hong Kong affiliates to accelerate product registration. She held the positions of regulatory affairs department manager from November 1998 to September 2005 at Alcon (China) Ophthalmic Product Co., Ltd (愛爾康(中國)眼科產品有限公司). Ms. Chen graduated from Beijing Union University with a bachelor's degree of basic medicine in July 1995. She obtained a postgraduate diploma in commercial economy from the Academy of Social Sciences, the PRC and a postgraduate diploma in clinical medicine from Peking University in July 1997 and June 2008, respectively.

Mr. DUAN Qingtang (段清堂), aged 38, has been serving as the General Manager of Yuxi Genor since August 2019. He is primarily responsible for overall supervision of Yuxi Genor manufacturing base. Mr. Duan joined our Group through assignment by Walvax to Yuxi Genor from 8 July 2014 to 30 April 2020 to manage the operation of Yuxi Genor. He was appointed as the deputy general manager of Yuxi Genor in December 2015, and has been redesignated as the general manager since August 2019. Mr. Duan was appointed as the supervisor of Yuxi Genor from 2 March 2015 to 7 August 2019.

Mr. Duan has about 12 years' experience in the commercial production of pharmaceutical products. From January 2012 to April 2020, Mr. Duan worked at Walvax for different positions, including as the director of engineering and technology, the manager of engineering facilities department and the manager of the quality and production management center. From January 2008 to December 2011, Mr. Duan served as the manager of the product industrialization department of Yuxi Wosen Biological Technology Co., Ltd. (玉溪沃森生物技術有限公司), a wholly owned subsidiary of Walvax. Mr. Duan currently serves as the director and general manager of Shijiazhuan Lanwo Biotechnology Co., Ltd. (石家莊藍沃生物技術有限公司), a joint venture of Walvax, and the supervisor of Yuxi Zerun Biotechnology Co., Ltd. (玉溪澤潤生物技術有限公司) and the director of Shanghai Zerun Anke Biopharmaceutical Co., Ltd. (上海澤潤安珂生物製藥有限公司), both of which are subsidiaries of Walvax.

Mr. Duan received a bachelor's degree of biological science from Yunnan Normal University, the PRC in February 2012.

General

Save as disclosed above, (i) none of our Directors and members of senior management held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately prior to the date of this prospectus; and (ii) none of them had any other relationship with any Directors, members of senior management or substantial Shareholders of our Company as of the Latest Practicable Date.

Save as disclosed in this prospectus, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there is no other information in respect of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules; and there is no other matter with respect to the appointment of the Directors that needs to be brought to the attention to our Shareholders.

From time to time, our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biotechnology industries, including companies whose products may directly or indirectly compete with ours. However, as these non-executive Directors are neither our controlling Shareholders, executive directors, nor

members of our senior management team, we do not believe that their interests in such companies, including as directors, would render us incapable of carrying on our business independently from other companies in which they may hold a role, including a directorship, from time to time.

Save as disclosed above, as of the Latest Practicable Date, none of our Directors has any interest in a business which competes or is likely to compete, directly or indirectly, with our Group's business and requires disclosure under Rule 8.10 of the Listing Rules.

COMPANY SECRETARY

Ms. SIU Wing Kit (蕭潁潔), aged 50, was appointed as our company secretary on 24 June 2020. Ms. Siu is a senior manager of corporate services of Tricor Services Limited. She has over 20 years of experience in the corporate secretarial field and has been handling the company secretarial compliance works of Hong Kong listed companies, private and offshore companies. Ms. Siu is currently a joint company secretary of Wuxi Apptec Co., Ltd. (無錫藥明康德新藥開發股份有限公司) (stock code: 2359) and the company secretary of China Sandi Holdings Limited (中國三迪控股有限公司) (stock code: 910), two companies that are listed on the Hong Kong Stock Exchange. Ms. Siu is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators). She obtained a master degree in Corporate Governance from The Hong Kong Polytechnic University.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed Guotai Junan Capital Limited to be our compliance adviser. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise us under certain circumstances including:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and is expected to end on the date of distribution of the annual report of the financial results of our Company in compliance with Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

In accordance with the Corporate Governance Code, Appendix 14 to the Listing Rules, our Company has established three committees, including the Audit Committee, the Compensation Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code, Appendix 14 to the Listing Rules. The Audit Committee comprises three Directors, being Mr. FUNG Edwin, Dr. LI Ming and Mr. ZHOU Honghao, with Mr. FUNG Edwin, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, being the chairman of the Audit Committee.

The primary duties of the Audit Committee include, without limitation to, the following:

- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements in relation to financial reporting;
- making recommendations to the Board on the appointment, reappointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors, and monitoring the independence of external auditors and their effectiveness in the audit process;
- reviewing our risk management and internal control system over financial reporting; and
- dealing with other matters that are authorized by the Board.

Compensation Committee

We have established a Compensation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, Appendix 14 to the Listing Rules. The Compensation Committee consists of three Directors, namely Mr. CHEN Wen, Mr. CHEN Yu and Mr. FUNG Edwin. Mr. CHEN Wen is the chairman of the Compensation Committee.

The primary duties of the Compensation Committee include, among other things:

- making recommendations to the Board on the Company's policy and structure for the executive Directors and senior management remuneration and on the compensation of non-executive Directors;
- evaluating the performance of Directors and senior management of our Company, and evaluation their performance accordingly;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code, Appendix 14 to the Listing Rules. Our Nomination Committee consists of three members, namely, Mr. YI Qingqing, Mr. CHEN Wen and Mr. FUNG Edwin, with Mr. YI Qingqing being the chairman.

The primary duties of our Nomination Committee include, among other things:

- reviewing the structure, size and composition and diversity of the Board at least annually and making recommendations on any proposed changes to the Board composition to complement the Company's corporate strategies;
- assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment or re-appointment of directors and succession planning for directors; and
- performing tasks as assigned by the Board from time to time.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including salaries, bonus, allowances and benefits in kind, and retirement benefit scheme contributions) paid to our Directors was nil, approximately RMB15.9 million and RMB9.8 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, respectively. The aggregate amount of remuneration paid to our Company's five highest paid individuals (including our Directors) by our Company was approximately RMB14 million, RMB88.2 million and RMB29.4 million for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, respectively.

Under the arrangements currently in force, it is estimated that the total amount of remuneration, payable to, and benefits in kind receivable by our Directors from us for the year ending 31 December 2020 will be approximately RMB110.2 million.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to our Directors or the five highest paid individuals as an inducement to join or upon joining our Company, as compensation for loss of office with our Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company. During the Track Record Period, none of our Directors waived or agreed to waive any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by us to our Directors or the five highest paid individuals during the Track Record Period.

Subject to the review by and the recommendations of our Compensation Committee, the remuneration policy we intend to adopt after the Listing for our Directors and senior management members will be based on comparable market levels and their performance, qualifications, positions and seniority.

SHARE OPTION SCHEMES

In order to assist our Company in attracting, retaining and motivating key employees and other individuals, our Company has adopted the Share Option Plans. Please refer to "Appendix IV – Statutory and General Information – D. Share Option Schemes" to this prospectus for further details of the principal terms of our Share Option Plans.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

BOARD DIVERSITY POLICY

Upon Listing, we will adopt a board diversity policy which sets out the objective and approach to achieve and maintain an appropriate balance of diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to our board diversity policy, in its selection of Board candidates, our Board will consider a number of factors, including but not limited to gender, age, professional qualifications, industry experience, skills, knowledge, cultural and educational background and ethnicity. The ultimate decision will be based on merit and the contribution that the candidates can offer to our Board.

Our Board comprises 8 Directors, including 2 executive Directors, 3 Non-executive Directors and 3 Independent non-executive Directors. Our Directors have a balanced mix of knowledge and skills, including business management, biotechnology research and development, investment management, accounting and medicine. They obtained degrees in various areas including biopharmaceuticals, clinical pharmacology, clinical medicine,

chemistry, management science and engineering and business administration. Our Directors range from 39 years old to 81 years old. We recognize that the gender diversity at our Board level can be improved. Going forward, we will continue to work to enhance gender diversity of the Board. Our nomination committee will use its best endeavours and on suitable basis to, within three years after Listing, identify and recommend at least one female candidate to our Board for its consideration on appointment of a Director, with an aim to at least 12.5% female representation within three years after Listing. Going forward, to develop a pipeline of potential female successors to the Board, we will (i) ensure that there is gender diversity when recruiting staff at mid to senior level; (ii) identify potential female candidates from our senior management for our Board and (iii) engage more resources in training female staff who have long and relevant experience in our business, thus providing long-term development opportunities for our female staff. While we recognize that any Board appointment will be based on meritocracy and candidates will be considered against objective criteria having due regard for the benefits of diversity on the Board, we will strive to enhance female representation and expect to have more female members who would be qualified to sit on our Board from time to time, with the ultimate goal of bringing our Board to gender parity.

After the Listing, our Nomination Committee will review the board diversity policy from periodically to ensure its continued effectiveness and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and make recommendations to the Board for adoption. We will disclose in our annual corporate governance report a summary of the board diversity policy and the implementation of the board diversity policy.

KEY TERMS OF EMPLOYMENT CONTRACTS

The employment of our senior management members and other key personnel is subject to the following key terms:

- *Term*: We normally enter into three to five-year employment contracts with our senior management members and other key personnel.

- *No other employment*: During the term of employment, the employee shall not, without our prior written approval, establish any employment or work relationship with any third party, including but not limited to taking up any position at, providing services to or engaging or participating in any business activities of any third party.

- *Intellectual property assignment*: During the term of the employment contract, all inventions relating to products, technology, formulae, equipment, processes and software that arise from the employee's performance of his or her work shall belong to us. The employee shall promptly disclose such inventions to us and take all steps necessary (including execution of all necessary documents) to ensure that all relevant rights in the invention belong to us.

- *Non-competition obligation.* For a period of two years from the date on which the employee ceases to be employed by us, without our written consent, the employee shall not (1) be employed by a company that competes with us in the production, supply, sale or development of products and services similar to those provided by us; (2) directly or indirectly provide services for any business that competes with us, for him or herself or on behalf of any person, company or other entity or as its agent; or (3) manage or otherwise participate in such competing business.

- *Scope and term of confidentiality obligation:* The employee shall keep confidential information including but not limited to the our trade secrets, technical information, business, management, and future plans and strategies. Such obligation shall continue to be in effect after the termination of employment or departure of the employee, until such information become public knowledge.

- *Treatment of confidential information*: We may at any time issue a written request to the employee requesting that all confidential information and documents (in all mediums) be handed to our specified personnel, and the employee shall not retain any records of such confidential information.

- *Intellectual property:* During the employee's tenure, any intellectual property relating to technical achievements or other trade secrets arising from the employee's work or mainly from our technical, business or other information, shall belong to us. We may fully and freely utilize such intellectual property or other trade secrets in our business, and the employee shall provide all necessary information and take all necessary steps to assist us in obtaining and exercising the relevant intellectual property rights. The employee shall also inform us of any inventions owned solely by him or her or jointly with other parties and any relevant confidentiality obligations to these other parties.

FUTURE PLANS

See the section headed "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,480.8 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$22.15 per Offer Share, being the mid-point of the indicative Offer Price range of HK$20.30 to HK$24.00 per Offer Share in this prospectus. We intend to use the net proceeds we will receive from this offering for the following purposes:

- 65% allocated to our key products as follows:

  (i) 42% of net proceeds, or approximately HK$1,041.9 million, to fund research and development activities of our Core Products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialization, of which (a) 25%, or HK$620.2 million, is expected to be used for GB226, including combination trials with GB492, (b) 10%, or HK$248.1 million, is expected to be used for GB221, and (c) 7%, or HK$173.7 million, is expected to be used for GB242.

  (ii) 23% of net proceeds, or approximately HK$570.6 million, to fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, of which (a) 15%, or HK$372.1 million, is expected to be used for GB491, and (b) 8%, or HK$198.5 million, is expected to be used for GB223.

- 15% of net proceeds, or approximately HK$372.1 million, to fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline.

- 10% of net proceeds, or approximately HK$248.1 million, to fund the expansion of our drug pipeline. We may explore other oncology indications with large unmet medical needs, including breast cancer, gastrointestinal cancer and lung cancer, with a strategic and systemic approach targeting the Cancer Immunity Cycle.

- 10% of net proceeds, or approximately HK$248.1 million, for general corporate purposes, of which (a) 5%, or HK$124.1 million, is expected to be used to recruit R&D personnel and continue to develop our platform, and (b) 5%, or HK$124.1 million, is expected to be used for purchasing property, plant, and equipment.

The table below specifies the further breakdown for net proceeds to be allocated to different stages of each of our Core Products, other key products and other pipeline products.

	Net Proceeds to be Allocated to Each Stage			Latest Development Stage in China	Expected Timetable
	Pre-clinical	Clinical *(HK$ in millions)*	Commercia-lization (including registration)		
Core Products					
GB226	–	372.1	248.1	2L+ r/r PTCL: NDA accepted	2L+ r/r PTCL: launch by 2021
				2L+ r/r PMBCL: Pivotal Phase 2	2L+ Cervical Cancer: NDA filing in the next 24 months
				2L+ Cervical Cancer: Phase 2	2L/3L+ EGFR+ NSCLC (combination trial with fruquintinib): initiate Phase 3 trial in the next 24 months
				ASPS: Phase 2	GC: initiate Phase 3 trial in the next 24 months
				HCC (combination trial with lenvatinib): Phase 2	HCC: initiate Phase 3 trial in the next 24 months
				2L/3L+ EGFR+ NSCLC (combination trial with fruquintinib): Phase 1	
				2L+ mCRC (combination trial with fruquintinib): Phase 1	
				Solid Tumours (combination trial with GB492): IND-enabling	
				GC: IND-enabling	
				1L Adjuvant HCC: IND-enabling	
GB221	–	124.0	124.0	HER2+ 1L/2L+ mBC: Phase 3	NDA filing in the second half of 2020
GB242	–	49.6	124.0	Moderate to Severe RA: Phase 3	NDA filing in the second half of 2020
Other Key Products					
GB491	–	372.1	–	HR+/HER2- BC: IND-enabling	HR+/HER2- 2L mBC: file IND by 2020 and file NDA by 2023
				EGFR mutation-positive NSCLC: IND-enabling	
GB223	–	198.5	–	GCTB: Phase 1	–
Other Pipeline Products					
GB241				1L DLBCL: Phase 3	–
GB222				2L+ GBM: Phase 1	–
GB224				Moderate to Severe RA: Phase 1	–
GB235				HER2+ 1L/2L+ mBC: IND-approved	–
GB251	124.0	248.1	–	HER2+ 1L/2L+ mBC: IND-approved	–
GB232				Moderate to Severe RA: IND-enabling	–
GB261				NHL: IND-enabling	–
GB262				Solid Tumours: Pre-clinical	–
GB263				NSCLC: Pre-clinical	–

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$230.2 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that the Company will receive will be approximately HK$398.3 million, assuming an Offer Price of HK$22.15 per Share, being the mid-point of the proposed Offer Price range. The Company may be required to issue up to an aggregate of 17,982,000 additional Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries such that the net proceeds of this offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities or designated banks are required to process such approvals or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all, as PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See the section headed "Risk Factors – Risk Related to Doing Business in China."

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.
J.P. Morgan Securities (Asia Pacific) Limited
Jefferies Hong Kong Limited
CMB International Capital Limited
China Renaissance Securities (Hong Kong) Limited
Haitong International Securities Company Limited
Macquarie Capital Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 11,989,000 Hong Kong Offer Shares and the International Offering of initially 107,892,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering" and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such approval not having been withdrawn, and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to procure subscribers for, or themselves to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions, set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism), in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at Federal or New York State level or other competent Authority), London, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(v) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws or regulations, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(ix) a Director or a member of the Group's senior management as named in this prospectus being charged with an indictable offense or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management or taking directorship of a company; or

(x) the chief executive officer or the chief financial officer of the Company or any Director vacating his or her office; or

(xi) an authority or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xii) a contravention by any member of the Group of the Listing Rules or applicable laws and regulations; or

(xiii) a prohibition by an authority on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including any Shares issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or

(xv) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvi) any change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(xvii) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any of this prospectus, the Green Application Form, the formal notice, Disclosure Package (as defined in the International Underwriting Agreement), Final Offering Circular (as defined in the International Underwriting Agreement) and any other document issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including,without limitation, any Investor Presentation Materials relating to the Offer Shares and, in each case, all amendments or supplements thereto, the Price Determination Agreement, the Receiving Bank Agreement, the agreement between the

Company and the Hong Kong Share Registrar, the Cornerstone Investment Agreements and the agreement between the Company and the White Form eIPO Service Provider, the Preliminary Offering Circular, and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (collectively, the "**Offer Related Documents**") (including any supplement or amendment thereto, but excluding the information relating to the Underwriters for use in the Offer Related Documents, namely the marketing name, legal name, logo and address of such underwriters) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement, the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of an indemnifying party pursuant to the indemnities given by it under the terms of the Hong Kong Underwriting Agreement; or

(v) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings as set out in the schedules to the Hong Kong Underwriting Agreement; or

(vii) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(ix) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering Documents.

Undertakings by our Company

(A) Undertakings pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

(a) under any of the circumstances provided under Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option, the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan).

(B) Undertakings pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the offer and issue of the Offer Shares pursuant to the Global Offering (including pursuant to exercise of the Over-allotment Option), any Shares to be issued pursuant to any exercise of options which may be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, without the prior written consent of the Joint

Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares, debt capital or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree or announce, or publicly disclose, any intention to effect any transaction described in (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company or shares or any other securities of other members of our Group, as applicable, or in cash or otherwise (whether or not such allotment or issue of the Shares or securities will be completed within the First Six-Month Period).

Undertaking by Hillhouse

Undertakings pursuant to the Listing Rules

Pursuant to Rule 10.07(1) of the Listing Rules, Hillhouse has undertaken to the Stock Exchange and our Company that, except pursuant to the Global Offering (including the Over-allotment Option or the Stock Borrowing Agreement), it shall not and shall procure that the relevant registered holder(s) (if any) shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules, in the period commencing on the date by reference to which disclosure of its shareholding in our company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Relevant Securities**").

In addition, in accordance with Note 3 to Rule 10.07 of the Listing Rules, Hillhouse has undertaken to the Stock Exchange and our Company that, during the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Relevant Securities in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan, immediately inform our Company in writing of such pledge or charge together with the number of Relevant Securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Relevant Securities will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (a) and (b) above (if any) by Hillhouse and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertaking by the Existing Shareholders

Under the current arrangements, all existing shareholders will be subject to lock-up arrangements at the time of Listing. For details of the lock-up undertakings, please refer to the "History, Development and Corporate Structure – Pre-IPO Investments – Principal Terms of the Pre-IPO Investments" section.

Pursuant to the Shareholders Agreement dated 26 May 2020, whereby each Shareholder agreed that it will not without the prior written consent of the Underwriters, during the period commencement on the date of this prospectus and ending on the date specified by the Company and the Underwriters (such period not to exceed 180 days from the date of this prospectus):

(i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares (other than those included in this Global Offering); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Equity Securities.

whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash, or otherwise.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

Our Company may, at our sole and absolute discretion, pay to the Joint Global Coordinators and the Underwriters for their respective accounts an incentive fee up to but not exceeding 1.0% of the aggregate Offer Price for each Offer Share.

Assuming the Over-allotment Option is not exercised, without taking into account any Shares to be allotted and issued upon the exercise of the options which may be granted under the Share Option Plans and based on an Offer Price of HK$22.15 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK$174.5 million, which is subject to adjustment to be agreed by the Company, the Joint Global Coordinators and other parties.

An aggregate amount of US$1,500,000 is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe, for their respective applicable proportions of International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. Please refer to the section headed "Structure of the Global Offering – The International Offering" for details.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue and allot up to an aggregate of 17,982,000 additional Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering (if any). Please see the section headed "Structure of the Global Offering" for details.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or the stabilizing process. It should be noted that when engaging in any of these activities the Syndicate Members will be subject to certain restrictions, including the following:

a. the Syndicate Members (except for the Stabilization Manager, or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

b. the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to our Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result

in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

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

(a) the Hong Kong Public Offering of initially 11,989,000 Offer Shares (subject to reallocation) in Hong Kong as described below in "– The Hong Kong Public Offering" in this section; and

(b) the International Offering of initially 107,892,000 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States including to professional and institutional investors within Hong Kong in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 24.92% of the total issued share capital of our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of any options under the Share Option Plans). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.62% of the total issued share capital of our Company immediately following completion of the Global Offering and the exercise of the Over-allotment Option (without taking into account the Shares to be issued upon the exercise of any options under the Share Option Plans).

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 11,989,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering will represent approximately 2.5% of the total issued share capital of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options under the Share Option Plans).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "– Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of Pool B.

For the purpose of this sub-section only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 5,994,500 Hong Kong Offer Shares (being 50% of the 11,989,000 Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more, of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 35,965,000 Offer Shares (in the case of (i)), 47,953,000 Offer Shares (in the case of (ii)) and 59,941,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators (for themselves and on behalf of the Underwriters) deem appropriate.

In addition, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If (i) the International Offering is fully subscribed or oversubscribed, and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed, the Joint Global Coordinators may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (i) the number of Offer Shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall not exceed 11,989,000 Shares, representing 10% of the Offer

Shares initially available under the Global Offering, increasing the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 23,978,000 Offer Shares, representing 20% of the total number of Offer Shares initially available under the Global Offering; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$20.30) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$24.00 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "– Pricing and Allocation" below, is less than the maximum Offer Price of HK$24.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation and the Over-allotment Option, the number of Offer Shares to be initially offered for subscription under the International Offering will be 107,892,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 22.4% of the total issued share capital of our Company immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options under the Share Option Plans).

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the Offer Shares with professional and institutional investors and other investors expected to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "– The Hong Kong Public Offering – Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "– Over-allotment Option", and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 17,982,000 additional Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 3.60% of the total issued share capital of our Company immediately following the completion of the Global Offering and the exercise of the Over-allotment Option (without taking into account any Shares which may be issued upon the exercise of any options under the Share Option Plans). In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of the Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 17,982,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering. Following any over-allocation of Shares in the Global Offering, the Stabilization Manager, or any person acting for it, may cover such over-allocations, among other methods, by exercising the Over-allotment Option in full or in part, by making purchases of the Shares in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares;

(e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilization Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the Listing Date and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Monday, 28 October 2020. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilization Manager (or its affiliate(s)) may choose to borrow up to 17,982,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from HHJH pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, 28 September 2020 and, in any event no later than Tuesday, 6 October 2020, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price will not be more than HK$24.00 per Offer Share and is expected to be not less than HK$20.30 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$24.00 per Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www. genorbio.com**, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Hong Kong Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares – D. Publication of Results".

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of applications under the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares – D. Publication of Results".

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), any additional Shares which may be issued upon the exercise of any options under the Share Option Plans, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Tuesday, 6 October 2020, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www. genorbio.com** on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares – F. Refund of Application Monies". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 7 October 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 7 October 2020. Our Shares will be traded in board lots of 500 Shares. The stock code of our Shares will be 6998.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** *under the "HKEXnews > New Listings > New Listing Information"* section, and our website at **www.genorbio.com**. *If you require a printed copy of this prospectus, you may download and print from the website addresses above.*

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and ***White Form eIPO*** *Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8690 from 9:00 a.m. to 9:00 p.m. on Wednesday, 23 September 2020, Thursday, 24 September 2020 and Friday, 25 September 2020 and from 9:00 a.m. to 6:00 p.m. on Saturday, 26 September 2020 and Sunday, 27 September 2020, and from 9:00 a.m. to 12:00 noon on Monday, 28 September 2020.*

A. APPLICATIONS FOR THE HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Global Coordinators, the **White Form eIPO** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for the Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

(a) are 18 years of age or older;

(b) have a Hong Kong address;

(c) are outside the United States (within the meaning of Regulation S) or a person described in paragraph (h)(3) of Rule 902 of Regulation S; and

(d) are not legal or natural person of the PRC.

If an application is made by a person under a power of attorney, we and the Joint Global Coordinators may accept it at our or their discretion, and on any conditions we or they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or any relevant waivers that have been granted by the Stock Exchange (details of the relevant waivers are set out in the sections headed "Waivers from Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Subscription for Shares by Existing Shareholders" and "Waivers from Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Dealings in Shares prior to Listing"), you cannot apply for any Hong Kong Offer Shares if:

(a) you are an existing beneficial owner of Shares and/or a substantial shareholder of any of our subsidiaries;

(b) you are our Director or chief executive and/or a director or chief executive officer of our subsidiaries;

(c) you are a close associate of any of the above persons;

(d) you are a core connected person of the Company or a person who will become a core connected person of the Company immediately upon the completion of the Global Offering; or

(e) you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus you:

- undertake to execute all relevant documents and instruct and authorize us and/or the Joint Global Coordinators (or their agents or nominees), as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

- agree to comply with our Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Law;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;

- confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

- agree that none of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

- agree to disclose to us, the Hong Kong Share Registrar, the receiving bank and the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which we or any of them may require about you and the person(s) for whose benefit you have made the application;

- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor any of our or their respective officers or advisers will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong;

- represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- warrant that the information you have provided is true and accurate;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

- authorize (i) us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and (ii) us and/or our agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "– Personal Collection" below to collect the Share certificate(s) and/or refund check(s) in person;

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

- understand that we and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and

- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
500	12,120.92	8,000	193,934.78	70,000	1,696,929.36	1,000,000	24,241,848.00
1,000	24,241.85	9,000	218,176.63	80,000	1,939,347.84	1,500,000	36,362,772.00
1,500	36,362.77	10,000	242,418.48	90,000	2,181,766.32	2,000,000	48,483,696.00
2,000	48,483.70	15,000	363,627.72	100,000	2,424,184.80	2,500,000	60,604,620.00
2,500	60,604.62	20,000	484,836.96	200,000	4,848,369.60	3,000,000	72,725,544.00
3,000	72,725.54	25,000	606,046.20	300,000	7,272,554.40	3,500,000	84,846,468.00
3,500	84,846.47	30,000	727,255.44	400,000	9,696,739.20	4,000,000	96,967,392.00
4,000	96,967.39	35,000	848,464.68	500,000	12,120,924.00	4,500,000	109,088,316.00
4,500	109,088.32	40,000	969,673.92	600,000	14,545,108.80	5,000,000	121,209,240.00
5,000	121,209.24	45,000	1,090,883.16	700,000	16,969,293.60	5,500,000	133,330,164.00
6,000	145,451.09	50,000	1,212,092.40	800,000	19,393,478.40	5,994,500(1)	145,317,757.84
7,000	169,692.94	60,000	1,454,510.88	900,000	21,817,663.20		

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in "– Who Can Apply" above may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to us. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8690 which is available from 9:00 a.m. to 9:00 p.m. on Wednesday, 23 September, 2020, Thursday, 24 September, 2020 and Friday, 25 September 2020 and from 9:00 a.m. to 6:00 p.m. on Saturday, 26 September 2020 and Sunday, 27 September 2020, and from 9:00 a.m. to 12:00 noon on Monday, 28 September 2020.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, 23 September 2020 until 11:30 a.m. on Monday, 28 September 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, September 28, 2020, the last day for applications, or such later time as described in "C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" below.

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 per each "**JHBP (CY) Holdings Limited**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. Applying Through CCASS EIPO Service

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants though HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to us, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Share Registrar.

Applying through CCASS EIPO Service

Where you have applied through **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and

- HKSCC Nominees will do the following things on your behalf:

  (i) agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

  (ii) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

(iii) undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

(iv) declare that only one set of **electronic application instructions** has been given for your benefit;

(v) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;

(vi) confirm that you understand that we, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(vii) authorize us to place HKSCC Nominees' name on our register of members as the holder of the Hong Kong Offer Shares allocated to you, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;

(viii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(ix) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;

(x) agree that neither none of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our or their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement to this prospectus);

(xi) agree to disclose to us, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and/or our or their respective advisers and agents any personal data which we or they may require about you;

(xii) agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

(xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us, and to become binding when you give the instructions and such collateral contract to be in consideration of our agreeing that we will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;

(xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by us;

(xv) agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Hong Kong Offer Shares;

(xvi) agree with us, for ourselves and for the benefit of each shareholder (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for us and on behalf of each shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with our Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Law; and

(xvii) agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to us or any other person in respect of the things mentioned below:

– instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

– instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

– instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 23 September 2020 – 9:00 a.m. to 8:30 p.m.

Thursday, 24 September 2020 – 8:00 a.m. to 8:30 p.m.

Friday, 25 September 2020 – 8:00 a.m. to 8:30 p.m.

Saturday, 26 September 2020 – 8:00 a.m. to 1:00 p.m.

Monday, 28 September 2020 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 23 September 2020 until 12:00 noon on Monday, 28 September 2020 (24 hours daily, except on Monday, 28 September 2020, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 28 September 2020, the last day for applications, or such later time as described in "C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" below.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

(1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by us, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of us and our Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to us or our agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of us or our Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform us and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and e-Refund payment instructions/refund check, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Register of Members;
- verifying identities of the holders of our Shares;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from us and our subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable us and the Hong Kong Share Registrar to discharge our or their obligations to holders of our Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by us and our Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but we and our Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers, receiving banks and overseas principal share registrar;

- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to us or the Hong Kong Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

We and our Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether we or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" or as notified from time to time, for the attention of the secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. We, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 28 September 2020, the last day for applications, or such later time as described in "C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an unlisted company makes an application and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$24.00 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$12,120.92.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 500 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section "– 4. Minimum Application Amount and Permitted Numbers".

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering – Pricing and Allocation."

C. EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 28 September 2020. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 28 September 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," we will make an announcement on our websites at **www.genorbio.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

D. PUBLICATION OF RESULTS

We expect to announce the final Offer price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Tuesday, 6 October 2020 on our website at **www.genorbio.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.genorbio.com** and **www.hkexnews.hk**, respectively, by no later than 9:00 a.m. on Tuesday, 6 October 2020;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 6 October 2020 to 12:00 midnight on Monday, 12 October 2020; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on from Tuesday, 6 October 2020 to Friday, 9 October 2020.

If we accept your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with us.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

- if any supplement to this prospectus is issued, in which case we will notify applicants who have already submitted an application that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

If we or our agents exercise discretion to reject your application:

We, the Joint Global Coordinators, the **White Form eIPO** Service Provider and our and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

"If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- Within three weeks from the closing date of the application lists; or
- Within a longer period up to six weeks if the Listing Committee notifies us of that longer period within three weeks of the closing date of the application lists."

If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Hong Kong Offer Shares and the International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- you apply for more than 5,994,500 Hong Kong Offer Shares, being 50% of the 11,989,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- we or the Joint Global Coordinators believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or
- the Underwriting Agreements do not become unconditional or are terminated.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in "Structure of the Global Offering – Conditions of the Global Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Tuesday, 6 October 2020.

G. DISPATCH/COLLECTION OF SHARE CERTIFICATES/E-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

The Company will not issue temporary document of title in respect of the Offer Shares. The Company will not issue receipt for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Tuesday, 6 October 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 7 October 2020, provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the "Underwriting" section in this prospectus has not been exercised.

Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

- ***If you apply through White Form eIPO service:***

  (a) If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 6 October 2020, or any other place or date notified by us.

  (b) If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

  (c) If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 6 October 2020 by ordinary post and at your own risk.

(d) If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

- ***If you apply through CCASS EIPO service:***

Allocation of the Hong Kong Offer Shares

For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

(a) If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 6 October, 2020 or on any other date determined by HKSCC or HKSCC Nominees.

(b) We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "– Publication of Results" above on Tuesday, 6 October 2020. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 6 October 2020 or such other date as determined by HKSCC or HKSCC Nominees.

(c) If you have instructed your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

(d) If you have applied as a CCASS Investor Participant, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 6 October 2020.

Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

(e) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your **broker** or **custodian** on Tuesday, 6 October 2020.

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

We have made all necessary arrangements to enable the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JHBP (CY) HOLDINGS LIMITED AND GOLDMAN SACHS (ASIA) L.L.C., J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND JEFFERIES HONG KONG LIMITED

Introduction

We report on the historical financial information of JHBP (CY) Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-76, which comprises the consolidated balance sheets as at 31 December 2018 and 2019 and 31 March 2020, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-76 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 September 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 2019 and 31 March 2020 and the consolidated financial position of the Group as at 31 December 2018 and 2019 and 31 March 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our

responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 40 to the Historical Financial Information which states that no dividends have been paid by JHBP (CY) Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
23 September 2020

I. 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 accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers 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 amounts are rounded to the nearest thousand yuan (RMB'000), unless otherwise stated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Three months ended 31 March	
	Note	*2018*	*2019*	*2019*	*2020*
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*6*	6,882	13,039	1,315	–
Cost of revenue	*7*	(5,452)	(9,562)	(919)	–
Gross profit		1,430	3,477	396	–
Administrative expenses	*7*	(22,285)	(89,367)	(5,684)	(32,785)
Research and development expenses	*7*	(271,498)	(438,817)	(70,353)	(111,443)
Other income – net	*9*	11,206	4,082	1,604	1,860
Other (losses)/gains – net	*10*	(1,459)	53	(30)	(419)
Operating loss		(282,606)	(520,572)	(74,067)	(142,787)
Finance income	*11*	1,600	624	323	201
Finance costs	*11*	(7,071)	(3,689)	(573)	(970)
Finance costs – net		(5,471)	(3,065)	(250)	(769)
Loss before income tax		(288,077)	(523,637)	(74,317)	(143,556)
Income tax expense	*12*	–	891	–	1,039
Loss for the year/period		(288,077)	(522,746)	(74,317)	(142,517)
Loss for the year/period is attributable to:					
Owners of the Company		(288,077)	(522,082)	(74,317)	(141,965)
Non-controlling interests		–	(664)	–	(552)

	Note	Year ended 31 December		Three months ended 31 March	
		2018	*2019*	*2019*	*2020*
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other comprehensive loss					
Items that will be reclassified to profit or loss					
– Currency translation differences		–	(217)	–	315
Total comprehensive loss		(288,077)	(522,963)	(74,317)	(142,202)
Total comprehensive loss attributable to:					
Owners of the Company		(288,077)	(522,299)	(74,317)	(141,650)
Non-controlling interests		–	(664)	–	(552)
Loss per share attributable to owners of the Company					
Basic and diluted loss per share (in RMB)	*13*	(1.12)	(1.89)	(0.27)	(0.51)

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2018	As at 31 December 2019	As at 31 March 2020
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	204,025	191,429	188,806
Right-of-use assets	*15(a)*	37,282	33,267	31,389
Intangible assets	*16*	16,033	94,317	95,817
Other receivables, deposits and prepayments	*22*	47,851	64,902	64,948
Deferred income tax assets	*12*	–	680	1,509
Total non-current assets		305,191	384,595	382,469
Current assets				
Inventories	*19*	25,240	25,269	23,055
Contract cost	*20*	8,085	3,927	4,342
Trade receivables	*21*	581	–	–
Other receivables, deposits and prepayments	*22*	56,681	44,582	51,539
Amounts due from related parties	*33*	466,725	20,942	20,942
Cash and cash equivalents	*24*	125,158	253,520	196,836
Total current assets		682,470	348,240	296,714
Total assets		987,661	732,835	679,183

	Note	As at 31 December 2018	As at 31 December 2019	As at 31 March 2020
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Equity attributable to owners of the Company				
Share capital	*25*	15	39	39
Share premium	*25*	1,463,629	1,921,731	1,956,590
Reserves	*26*	331,312	(209,350)	(181,371)
Accumulated losses	*26*	(971,352)	(1,493,434)	(1,635,399)
Sub-total		823,604	218,986	139,859
Non-controlling interests		–	6,474	5,922
Total equity		823,604	225,460	145,781
LIABILITIES				
Non-current liabilities				
Contract liabilities	*31*	2,100	755	755
Lease liabilities	*15(b)*	35,792	29,351	26,781
Amounts due to related parties	*33*	–	31,916	31,623
Deferred income	*28*	26,506	22,892	22,116
Deferred income tax liabilities	*12*	–	14,968	14,757
Other non-current liabilities	*29*	–	47,369	47,210
Total non-current liabilities		64,398	147,251	143,242
Current liabilities				
Trade payables	*30*	30,868	103,363	112,790
Contract liabilities	*31*	10,680	11,844	11,844
Other payables and accruals	*32*	45,630	212,801	216,231
Lease liabilities	*15(b)*	8,958	12,412	13,451
Amounts due to related parties	*33*	21	16,202	32,342
Deferred income	*28*	3,502	3,502	3,502
Total current liabilities		99,659	360,124	390,160
Total liabilities		164,057	507,375	533,402
Total equity and liabilities		987,661	732,835	679,183

COMPANY'S BALANCE SHEETS

	Note	As at 31 December 2018	As at 31 December 2019	As at 31 March 2020
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*17(b)*	1,015,908	1,929,117	2,035,256
Financial assets at fair value through profit or loss	*23*	–	35,114	36,245
Total non-current assets		1,015,908	1,964,231	2,071,501
Current assets				
Other receivables, deposits and prepayments		–	–	3,439
Amounts due from related parties	*33*	466,725	20,942	20,942
Cash and cash equivalents	*24*	–	42,892	5,977
Total current assets		466,725	63,834	30,358
Total assets		1,482,633	2,028,065	2,101,859
EQUITY				
Equity attributable to owners of the Company				
Share capital	*25*	15	39	39
Share premium	*25*	1,463,629	1,921,731	1,956,590
Reserves		–	33,947	61,611
Accumulated losses		(1,710)	(10,289)	(20,619)
Total equity		1,461,934	1,945,428	1,997,621
LIABILITIES				
Non-current liabilities				
Amounts due to related parties	*33*	–	31,916	31,623
Total non-current liabilities		–	31,916	31,623
Current liabilities				
Other payables and accruals		20,699	20,699	34,455
Amounts due to related parties	*33*	–	9,991	24,371
Consideration of preference shares payable to a subsidiary	*23(a)*	–	20,031	13,789
Total current liabilities		20,699	50,721	72,615
Total liabilities		20,699	82,637	104,238
Total equity and liabilities		1,482,633	2,028,065	2,101,859

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Paid-in capital	Reserves	Accumulated losses		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018		–	–	422,702	498,171	(683,275)	–	237,598
Comprehensive loss								
– Loss for the year		–	–	–	–	(288,077)	–	(288,077)
Transaction with owners								
– Capital contribution by shareholders of Genor Biopharma	*26*	–	–	65,740	326,202	–	–	391,942
– Issuance of shares	*25*	15	1,463,629	–	–	–	–	1,463,644
– Repurchase of part of the shares from shareholders of Genor Biopharma	*1.2*	–	–	(488,442)	(528,596)	–	–	(1,017,038)
– Share-based payment	*27*	–	–	–	35,535	–	–	35,535
Balance at 31 December 2018		15	1,463,629	–	331,312	(971,352)	–	823,604
Balance at 1 January 2019		15	1,463,629	–	331,312	(971,352)	–	823,604
Comprehensive loss								
– Loss for the year		–	–	–	–	(522,082)	(664)	(522,746)
– Other comprehensive loss		–	–	–	(217)	–	–	(217)
Transaction with owners								
– Issuance of shares	*25*	3	396,179	–	–	–	–	396,182
– Repurchase of part of the shares from shareholders of Genor Biopharma and the share swap	*1.2*	20	–	–	(574,412)	–	–	(574,392)
– Acquisition of business	*35*	–	–	–	–	–	7,138	7,138
– Share-based payment	*27*	–	–	–	74,945	–	–	74,945
– Shares exercised under employee option plan	*25*	1	61,923	–	(40,978)	–	–	20,946
Balance at 31 December 2019		39	1,921,731	–	(209,350)	(1,493,434)	6,474	225,460

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Paid-in capital	Reserves	Accumulated losses		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020		39	1,921,731	–	(209,350)	(1,493,434)	6,474	225,460
Comprehensive loss								
– Loss for the year		–	–	–	–	(141,965)	(552)	(142,517)
– Other comprehensive income		–	–	–	315	–	–	315
Transaction with owners								
– Issuance of shares	*25*	–	34,859	–	–	–	–	34,859
– Share-based payment	*27*	–	–	–	27,664	–	–	27,664
Balance at 31 March 2020		39	1,956,590	–	(181,371)	(1,635,399)	5,922	145,781
(Unaudited)								
Balance at 1 January 2019		15	1,463,629	–	331,312	(971,352)	–	823,604
Comprehensive loss								
– Loss for the year		–	–	–	–	(74,317)	–	(74,317)
Balance at 31 March 2019		15	1,463,629	–	331,312	(1,045,669)	–	749,287

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		Three months ended 31 March	
		2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities					
Cash used in operations	*34*	(254,951)	(111,153)	(74,957)	(95,462)
Interest received		1,557	624	323	201
Income taxes paid		–	–	–	–
Net cash outflow used in operating activities		(253,394)	(110,529)	(74,634)	(95,261)
Cash flows from investing activities					
Payments for property, plant and equipment		(27,637)	(20,593)	(7,578)	(6,060)
Payments for intangible assets		(1,888)	(7,354)	(130)	(2,149)
Net cash used in business combination	*35(b)*	–	(12,730)	–	–
Proceeds from disposals of property, plant and equipment		4	–	–	40
Net cash outflow used in investing activities		(29,521)	(40,677)	(7,708)	(8,169)
Cash flows from financing activities					
Proceeds from issuance of shares	*25*	996,919	862,911	–	34,859
Capital contribution from shareholders of Genor Biopharma	*26*	391,942	–	–	–
Capital received in advance	*32*	20,699	–	–	–
Borrowings from related parties	*37(b)*	69,000	–	–	–
Repurchase of part of the shares from shareholders of Genor Biopharma	*1.2*	(1,017,038)	(574,392)	–	–

	Note	Year ended 31 December		Three months ended 31 March	
		2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Repayment of borrowings to related parties	*37(b)*	(100,900)	–	–	–
Interest paid to related parties	*37(b)*	(4,621)	–	–	–
Principal elements of lease payments		(6,649)	(7,885)	(1,160)	(2,089)
Interest of lease payments		(2,421)	(2,091)	(550)	(505)
Proceeds from issuance of convertible bond		–	–	–	13,928
Net cash inflow generated from/(used in) financing activities		346,931	278,543	(1,710)	46,193
Net increase/(decrease) in cash and cash equivalents		64,016	127,337	(84,052)	(57,237)
Cash and cash equivalents at the beginning of the year/period		61,100	125,158	125,158	253,520
Exchange gains/(losses) on cash and cash equivalents		42	1,025	(17)	553
Cash and cash equivalents at the end of the year/period		125,158	253,520	41,089	196,836

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

JHBP (CY) Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is the Citco Trustees (Cayman) Limited situated at 89 Nexus Way, Camana Bay, P.O. Box 31106, Grand Cayman KY1-1205, Cayman Islands.

During the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, the Company is an investment holding company. The Company, together with its subsidiaries (collectively referred to as the "Group"), are principally focus on developing and commercializing oncology and autoimmune drugs in the People's Republic of China (the "PRC") (the "Listing Business").

1.2 Reorganization

Prior to the completion of the reorganization as described below (the "Reorganization"), the Listing Business was operated by Genor Biopharma Co., Ltd. ("Genor Biopharma") and its subsidiaries, Yuxi Genor Biotechnology Co., Ltd. ("Yuxi Genor") and Shanghai Genor Biotechnology Co., Ltd. ("Shanghai Genor").

As at 28 August 2018 and prior to the Reorganization, 52.52% of interests of Genor Biopharma was held by Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司) ("Walvax Biotechnology). The remaining 47.48% interests in Genor Biopharma were held by Zhejiang CONBA Pharmaceutical Co., Ltd. (浙江康恩貝製藥股份有限公司) ("Zhejiang Conba"), Jiaxing Guanyou Xingwo Equity Investment Partnership, L.P. (嘉興觀由興沃股權投資合夥企業(有限合夥)) ("Guanyou Xingwo"), Yuxi Runtai Investment Management L.P. (玉溪潤泰投資管理合夥企業(有限合夥)) ("Yuxi Runtai"), Fujian Pingtan Huaxing Kangping Pharmaceutical Industry Investment Partnership, L.P. (福建平潭華興康平醫藥產業投資合夥企業(有限合夥)) ("Huaxing Kangping") and Pingtan Tiger Yingke Investment Partnership, L.P. (平潭泰格盈科創業投資合夥企業(有限合夥)) ("Tiger Yingke"), respectively. Walvax Biotechnology, Zhejiang Conba, Guanyou Xingwo, Huaxing Kangping and Tiger Yingke, are collectively referred to as the "Original Domestic Shareholders".

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganization and transferred the companies engaged in the Listing Business to the Company through the following steps:

(i) Introduction of new investor and capital injection to Genor Biopharma

On 9 November 2018, Walvax Biotechnology, Yuxi Runtai and Huaxing Kangping transferred their 37.80%, 4.70% and 3.36% interests in Genor Biopharma to HH CT Holdings Limited ("HHCT"), a wholly-owned subsidiary of the Company at considerations of RMB1,311,660,000, RMB163,157,894 and RMB116,612,106, respectively. Out of the total consideration, approximately RMB1,017,038,000 was paid in 2018 and the remaining was paid in 2019.

On the same date, the registered capital of Genor Biopharma was increased from RMB488,442,704 to RMB529,263,564 which was subscribed and contributed by HHCT of RMB290,000,000. Approximately RMB213,250,000 of which was paid in 2019 and the remaining has been paid as at the date of this report.

Upon completion of this capital injection, the interests in Genor Biopharma held by HHCT increased from 45.86% to 50.04%.

(ii) Capital injection to the Company

Pursuant to certain shares subscription agreements entered on 19 November 2018, 24 June 2019, 22 October 2019, 27 December 2019 and 11 May 2020, the Company agreed to allot and issue a total of 276,680,782 ordinary shares with par value USD0.00001 each to certain shareholders.

212,087,401, 56,593,381 and 8,000,000 ordinary shares were issued in 2018, 2019 and 2020 respectively.

(iii) Transaction with the Original Domestic Shareholders

Pursuant to the share subscription agreements dated on 24 June 2019, the Original Domestic Shareholders agreed to sell the remaining 49.96% interests in Genor Biopharma in exchange for the Company to issue 276,260,295 new shares with par value USD0.00001 each to their designated off-shore investment companies.

Upon the completion of this transaction, the Company indirectly holds the entire equity interests in Genor Biopharma through HHCT, and the Original Domestic Shareholders indirectly hold the 49.96% interests in Genor Biopharma through the Company.

As of 31 March 2020 and of the date of this report, HHJH Holdings Limited ("HHJH"), a subsidiary of HH BIO Investment Fund, L.P., was the largest shareholder of the Company.

Upon completion of the Reorganization on 31 October 2019 and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of entity	Country/place and date of incorporation/ establishment and kind of legal entity	Registered/ Issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation
			31 December 2018	31 December 2019	31 March 2020	As at the date of this report	
Directly owned:							
HH CT Holdings Limited *(a)*	Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	100.00%	100.00%	100.00%	100.00%	Investment holding, Hong Kong
AB Therapeutics Inc. ("ABT") *(b)*	United States of America ("USA"), 19 August 2019, limited liability company	10,000,000 ordinary shares, USD100	–	80.00%	80.00%	80.00%	Bi-specific therapeutic antibody discovery, USA
Indirectly owned:							
Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) *(c)*	The PRC, 4 December 2007, limited liability company	RMB 606,119,466	100.00%	100.00%	100.00%	100.00%	Research and development of monoclonal antibody and biologic therapeutics, the PRC
Shanghai Genor Biotechnology Co., Ltd. (上海嘉和生物科技有限公司)* *(d)*	The PRC, 12 October 2011, limited liability company	RMB 10,000,000	100.00%	–	–	–	Research and development of biopharmaceutical products, the PRC
Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司)* *(e)*	The PRC, 8 July 2014, limited liability company	RMB 400,000,000	100.00%	100.00%	100.00%	100.00%	Research, development and manufacture of monoclonal antibody and biologic therapeutics, the PRC

* English translation is for identification purpose only. The English names of companies incorporated in the PRC represent the best efforts by management of the Group in translation their Chinese names as they do not have official English names.

(a) HHCT was incorporated in Hong Kong and was a wholly-owned subsidiary of the Company. No audited financial statements were issued as there was no statutory requirement during the Track Record Period.

(b) On 27 September 2019, the Company acquired 80% interests in ABT from Ab Studio Inc. ("ABS") and Dr. Yue Liu, the founder of ABT. Please refer to Note 35 for further details.

(c) Genor Biopharma was established by Wison Group Holding Limited (惠生控股(集團)有限公司) as a wholly-owned foreign enterprise on 4 December 2007. Wison Group Holding Limited was an original shareholder of Genor Biopharma and transferred out all its interests in Genor Biopharma steps by steps before the Track Record Period. No audited financial statements were issued as there was no statutory requirement during the Track Record Period.

(d) Shanghai Genor was established by Genor Biopharma as a limited liability company on 12 October 2011. Shanghai Genor completed the cancellation of its registration of enterprise on 21 November 2019. No audited financial statements were issued as there was no statutory requirement during the Track Record Period.

(e) Yuxi Genor was established by Genor Biopharma and an independent third party company as a limited liability company on 8 July 2014. Genor Biopharma acquired the entire equity interests in Yuxi Genor on 2 February 2015. No audited financial statements were issued as there was no statutory requirement during the Track Record Period.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is operated by Genor Biopharma and its subsidiaries. Pursuant to the Reorganization, Genor Biopharma and its subsidiaries and the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The Reorganization is merely a recapitalization of the Listing Business without any combination of businesses. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Genor Biopharma and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Genor Biopharma and its subsidiaries, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Genor Biopharma for the Track Record Period presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The Group has consistently adopted HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from contracts with customers", HKFRS 16 "Leases", Amendment to HKFRS 3 "Definition of a business" and Revised Conceptual Framework for Financial Reporting "Framework which will be used in standard-setting decisions" throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

(b) Going concern

As at 31 March 2020, the Group's current liabilities exceeded its current assets by RMB93,446,000.

The management closely monitors the Group's financial performance and liquidity position. A number of measures have been put in place by the management to improve the financial position and alleviate the liquidity pressure. Relevant measures and consideration of liquidity management include: (i) in May 2020, the management had launched the pre-IPO financing plan, raising approximately USD160,000,000, which improved the Group's liquidity position; (ii) as at 31 March 2020, the Group had cash and cash equivalent amounting to RMB196,836,000 which can be used to finance its daily operational cash outflow; (iii) the management had prepared a cash flow projection covering a period of not less than twelve months from 31 March 2020. Based on the projection, the Group is expected to remain solvent during the period from 1 April 2020 to 31 March 2021.

The directors have reviewed the Group's cash flow projection and have made due and careful enquiry and considered the basis and assumptions of management's projections as described above. The directors are of the opinion that, taking into account the Group's future operational performance, the availability of funds from pre-IPO financing and the expected future operating cash inflows, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 31 March 2020. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

2.2 Principles of consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as permitted by applicable HKFRSs.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources, assessing performance of the operating segments, and has been identified as the executive directors of the Group that make strategic decisions.

The Group has only one operating segment during the Track Record Period, so no segment information is presented.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the majority of the operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within finance income or finance costs.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

– Leasehold improvements	Shorter of remaining lease term or estimated useful lives
– Equipment and instruments	5-10 years
– Office equipment and furniture	5 years
– Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other (losses)/gains – net" in the statement of profit or loss and other comprehensive income.

Construction-in-progress (the "CIP") represents equipment and decorations under construction, and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to leasehold improvements as well as equipment and instruments and depreciated in accordance with the policy as stated above.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 5 years. Costs associated with maintaining computer software programmes are recognized as expense as incurred.

(c) Licenses

Licenses acquired separately or as part of a business combination are recognized as intangible assets at historical cost and amortised using the straight-line method over their estimated useful lives of 10 to 20 years, which are determined according to the authorized useful lives and the management's estimation. The estimation is made considering the duration of the patent right and the technique advancement of the licenses. They are subsequently carried at cost less accumulated amortisation and impairment losses.

(d) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on oncology and autoimmune drugs. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed biopharmaceutical product and all the following can be demonstrated:

(i) The technical feasibility to complete the development project so that it will be available for use or sale;

(ii) The intention to complete the development project to use or sell the product;

(iii) The ability to use or sell the product;

(iv) The manner in which the development project will generate probable future economic benefits for the Group;

(v) The availability of adequate technical, financial and other resources to complete the development project and use or sell the product; and

(vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, testing fee, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalized development costs are amortised using the straight-line method over the life of the related product. Amortisation shall begin when the asset is available for use.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group adopted measurement below in which was classified debt instruments:

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses)-net together with foreign exchange gains and losses.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 21 for further details.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted-average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for fee-for-service ("FFS") services performed in the ordinary course of business. They are generally settled by payment term within 1 year and therefore all classified as current.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows and consolidated balance sheets, cash and cash equivalents include cash in hand, deposits held at call with banks.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Paid-in capital

Paid-in capital is classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The convertible bonds were designated as financial liabilities at amortised cost by the management until extinguished on conversion or maturity of the bonds. Interest cost from these financial liabilities is included in finance costs using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Group's subsidiaries mainly incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from the Group.

The employees in USA are covered by other defined contribution pension plans sponsored by the respective local governments. The Group pays contributions to publicly or privately administered pension insurance plans, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.22 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;

- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);

- including the impact of any non-vesting conditions (for example, the fulfillment of each applicable milestones with respect to certain research and development program).

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(b) Share-based payment transactions among group entities.

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company's own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee payed when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(c) Share-based payment transactions with cash alternatives

The Group operates a share-based compensation plan, under which the entity receives services from employees and the terms of the arrangement provide the employees with a choice of whether the entity settles the transaction in cash or by issuing equity instruments.

For this kind of share-based payment transactions, the Group is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the compound financial instrument, and then measures the fair value of the debt component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the equity component is the difference between these amounts.

At the end of each reporting period and the date of settlement, the Group re-measure the liability to its fair value with any changes in fair value recognized in profit or loss. If the cash option expires or the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full. Any equity component previously recognized shall remain within equity.

2.23 Revenue recognition

Revenues are recognized when, or as, the control of the services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

– direct measurements of the value of individual services transferred by the Group to the customer relative to the remaining services promised under the contract; or

– the Group's efforts or inputs to the satisfaction of the performance obligation.

When determining the transaction price to be allocated to different performance obligations, the Group first determines the services fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The Group includes in the transaction price some or all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a service to the customer, the Group presents the contract as a contract liability when the payment is made or the a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

During the Track Record Period, the Group primarily earns revenues by providing research and manufacturing services to its customers through FFS contracts. Contract duration ranges from a few months to years. The FFS contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual standalone selling price. The Group identifies each deliverable unit as a separate performance obligation, allocates the transaction price on the basis of relative standalone selling prices and recognizes FFS revenue at the point in time upon finalization, delivery and acceptance of the deliverable unit or after the end of a confirmation period.

The Group incurs costs to fulfill FFS contract. The Group first assesses whether these contract cost qualify for recognition as an asset in terms of other relevant HKFRSs, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

The asset is recognized as contract cost in the balance sheet and subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the deliverable unit. Contract costs mainly consists of cost of materials consumed, cost of direct labor, other direct costs and related overheads engaged in providing research and manufacturing services. The asset is also subject to impairment review.

2.24 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Where the grants relates to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset on straight-line basis.

Based on whether the government grants are related to ordinary course of business, they are recognized as other income or other gains in the statement of profit or loss and other comprehensive income.

2.25 Interest income

Interest income is recognized using the effective interest method.

2.26 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.27 New standards not early adopted by the Group

The following new standards, amendments and interpretations to existing standards which have been issued but not yet effective on 1 January 2020 are applicable to the Group and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendment to HKFRS 16	COVID-19 related rent concessions	1 June 2020
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendment to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendment to HKFRS 3	Update reference to the conceptual framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023

3 FINANCIAL RISK MANAGEMENT

The Group's risk management is predominantly controlled by the treasury department under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3.1 Financial risk factors

(a) Market Risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates.

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Company's presentation and functional currency is RMB. The Group is not exposed to foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the functional currency, except for the cash at bank in USD which were primarily received from the investors as capital contributions as mentioned in Note 25.

As at 31 December 2018 and 2019 and 31 March 2020, if RMB strengthened or weaken by 10% against USD with all other variables held constant, loss for each of the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020 would decrease or increase approximately by RMB88,000, RMB6,330,000 and RMB3,599,000 respectively.

(b) Credit Risk

Credit risk mainly arises from short-term deposits, bank balance and trade receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

The credit risk of short-term deposit and bank balance is limited because the counterparties are state-owned or public listed commercial banks.

For trade and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach to measuring expected credit losses using a lifetime expected loss allowance for its trade receivables.

As at 31 December 2019 and 31 March 2020, the Group had no balance in respect of trade receivables. As at 31 December 2018, the Group's trade receivables were RMB581,000, aging 7 to 12 months, which has been settled in 2019. Based on the historical experience, no bad debt loss was incurred in the past 3 years. Considering the credit risk of the trade receivables as at 31 December 2018 was minor, no loss allowance provision for trade receivables was recognized during the Track Record Period.

As at 31 December 2018 and 2019 and 31 March 2020, the Group had RMB466,725,000, RMB20,942,000 and RMB20,942,000 in respect of amounts due from related parties, which represented capital receivables from shareholders. The balance of RMB466,725,000 as at 31 December 2018 was fully recovered in 2019. Considering the shareholders are financially strong and are capable to repay the balance, the credit risk of the receivables was minor and the Company do not expect any losses from amounts due from related parties.

The expected credit loss rate of the financial assets measured at amortised cost is 0.00% during the Track Record Period.

(c) Liquidity Risk

The Group aims to maintain sufficient cash and cash equivalents to meet operating capital requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018					
Trade payables	30,868	–	–	–	30,868
Other payables and accruals (excluding non-financial liabilities)	14,722	–	–	–	14,722
Amounts due to related parties	21	–	–	–	21
Lease liabilities	11,023	11,942	20,012	9,532	52,509
	56,634	11,942	20,012	9,532	98,120

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019					
Trade payables	103,363	–	–	–	103,363
Other payables and accruals (excluding non-financial liabilities)	151,166	–	–	–	151,166
Amounts due to related parties (excluding contingent consideration to be settled in equity)	6,211	–	–	–	6,211
Lease liabilities	12,660	13,041	11,468	9,950	47,119
	273,400	13,041	11,468	9,950	307,859
At 31 March 2020					
Trade payables	112,790	–	–	–	112,790
Other payables and accruals (excluding non-financial liabilities)	159,820	–	–	–	159,820
Amounts due to related parties (excluding contingent consideration to be settled in equity)	22,442	–	–	–	22,442
Lease liabilities	14,851	13,177	8,711	9,853	46,592
	309,903	13,177	8,711	9,853	341,644

3.2 Capital Risk Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2018 and 2019 and 31 March 2020 was as follows:

	As at 31 December		As at 31 March
	2018	2019	2020
The liability-to-asset ratio	16.61%	69.23%	78.54%

There were no changes in the Group's approach to capital management during the Track Record Period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels as following:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's liabilities that are measured at fair value at 31 December 2018 and 2019 and 31 March 2020.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2018				
Contingent consideration in amounts due to related parties	–	–	–	–
As at 31 December 2019				
Contingent consideration in amounts due to related parties	–	–	41,907	41,907
As at 31 March 2020				
Contingent consideration in amounts due to related parties	–	–	41,523	41,523

There were no transfers between levels 1, 2 and 3 during the years.

(a) Financial instruments in Level 3

The following table presents the changes in level 3 instruments for the years ended 31 December 2018, 2019 and three months ended 31 March 2020, respectively.

	Contingent consideration in amounts due to related parties		
	Years ended 31 December		Three months ended 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	–	–	41,907
Additions	–	37,574	–
Settlements	–	–	–
Gains or losses recognised in other income	–	4,333	(384)
Gains or losses recognised in other comprehensive income	–	–	–
Closing balance	–	41,907	41,523

(b) Valuation technique, valuation inputs and relationships to fair value

The valuation techniques used to determine the fair value of the Group's level 3 instruments are discounted cash flow method and option-pricing method.

The valuation of the level 3 instruments mainly includes financial liabilities at fair value through profit or loss (Note 33 (a)). The following table summaries the quantitative information about the significant unobservable inputs used in level 3 fair value measurements, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value	Sensitivity of the input to the fair value
Contingent consideration in amounts due to related parties	Discount rate	31 December 2018: NA	NA	NA
		31 December 2019: 15%	The higher the discount rate, the lower the fair value	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by -13%/14%
		31 March 2020: 15%	The higher the discount rate, the lower the fair value	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by -13%/14%

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value	Sensitivity of the input to the fair value
	Discounts for lack of marketability	31 December 2018: NA	NA	NA
		31 December 2019: 6%	The higher the discount for lack of marketability, the lower the fair value	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by -1%/1%
		31 March 2020: 6.5%	The higher the discount for lack of marketability, the lower the fair value	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by -1%/1%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

The basis for the key assumptions used in the impairment testing as of 31 December 2019 and 31 March 2020 are as follows:

(i) Revenue (% compound growth rates)

The revenue compound growth rates for the twenty-one-year projection period is based on the Company's forecast of its average revenue growth rate from 2020 to 2040. The Company considers the business strategy and the management's expectation for the market development in estimating these growth rates.

(ii) Research and development expenses (% compound growth rates)

The research and development expenses (% compound growth rates) are determined on the basis of management's expectation and the progress of clinical trials.

(iii) Discount rate

The discount rates for the twenty-one-year forecast period and after that period are determined by reference to discount rates provided by an independent valuer. Discount rates were estimated based on the weighted average cost of capital ("WACCs") with reference to the industry risk premium and the debt to equity ratio of some guideline companies in biopharmaceutical sector.

(b) Purchase price allocation

The application of business combination accounting requires the use of significant estimates and assumptions. The purchase method of accounting for business combinations requires the Group to estimate the fair value of identifiable assets acquired and liabilities assumed. This exercise requires the use of management's assumptions and judgement, including a presumption of contractual relationship renewal at minimum cost, which would not reflect unanticipated events and circumstances that may occur.

An asset is identifiable if it either:

- is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or

- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

(c) Research and development expenses

Development expenses incurred on the Group's therapeutic monoclonal antibodies are capitalized and deferred only when the development expenses can meet the criteria in Note 2.8(d). Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization. During the Track Record Period, all expenses incurred for research and development activities were expensed when incurred.

(d) Current and deferred income taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several therapeutical monoclonal antibodies of Genor Biopharma and most of them were in research and development stage and the future taxable profits would be uncertain.

(e) Recognition of share-based payment expenses

As mentioned in Note 27, share-based payment was granted to the employees. The management have used the binomial option pricing model to determine the total fair value of the awarded options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the expected price volatility, risk-free interests rate, expected option life, fair value of ordinary shares and milestone of non-vesting condition, is required to be made by the management in applying the binomial model. The management applies judgements and estimates, such as employee performance, employee turnover rate and milestone of non-market vesting conditions, in determining share-based payment expenses each period.

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the Track Record Period, the Group is principally engaged in the research and development of biopharmaceutical products for human use. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Group regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's results were primarily derived in the PRC during the Track Record Period.

As at 31 December 2018 and 2019 and 31 March 2020, the Group's assets were mainly located in the PRC.

6 REVENUE

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers				
Revenue on fee-for-service contracts at a point in time	6,882	13,039	1,315	–

All revenues are generated in the PRC.

(a) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	N/A*	3,600	N/A*	N/A*
Customer B	943	2,874	N/A*	N/A*
Customer C	924	1,887	N/A*	N/A*
Customer D	N/A*	1,724	N/A*	N/A*
Customer E	1,805	1,456	N/A*	N/A*
Customer F	1,970	N/A*	N/A*	N/A*
Customer G	N/A*	N/A*	1,188	N/A*
	5,642	11,541	1,188	–

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the year concerned.

7 EXPENSES BY NATURE

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Employee benefits expenses *(Note 8)*	97,174	200,614	18,711	57,618
Testing fee and clinical trial expenses	79,334	186,041	34,314	42,349
Raw material and consumables used	49,432	61,966	8,148	12,617
Depreciation and amortization	37,181	40,636	9,552	11,266
Utilities	9,451	11,299	1,769	2,965
Traveling and transportation expenses	5,168	7,055	1,071	922
Decrease in contract cost	1,945	6,962	446	–
Consulting fee	2,968	5,994	183	1,619
Write down of inventories and impairment in property, plant and equipment	568	1,340	–	1,934
Auditors' remuneration – Audit services	453	–	–	–
Listing expenses	–	–	–	11,020
Other expense	15,561	15,839	2,762	1,918
	299,235	537,746	76,956	144,228

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, bonuses and other benefits	51,188	80,364	15,745	28,454
Share-based payment expenses	35,535	108,099	–	27,131
Pension, social security costs and housing benefits	10,451	12,151	2,966	2,033
	97,174	200,614	18,711	57,618

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authorities to the pension scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under scheme.

(a) Employee benefit expenses by nature

Employee benefit expenses were charged to the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of revenue	947	276	46	–
Administrative expense	13,542	71,924	4,189	17,560
Research and development expenses	82,685	128,414	14,476	40,058
	97,174	200,614	18,711	57,618

(b) **Five highest paid individuals**

For the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, the five individuals whose emoluments were the highest in the Group include 0, 1, 0 and 1 director, whose emoluments are reflected in the analysis presented in Note 38. The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, bonuses and other benefits	2,602	6,922	1,295	2,920
Share-based payment expenses	11,025	65,213	–	16,655
Social security costs and housing benefits	366	159	55	91
	13,993	72,294	1,350	19,666

The number of highest paid non-director individuals whose remunerations for each of the Track Record Period fell within the following band is as follows:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	no. of individuals	**no. of individuals**	**no. of individuals** (Unaudited)	**no. of individuals**
Emolument bands				
Nil – HKD1,000,000	–	–	5	–
HKD1,000,001 – HKD1,500,000	–	–	–	1
HKD2,000,001 – HKD2,500,000	3	–	–	–
HKD3,500,001 – HKD4,000,000	1	–	–	1
HKD4,000,001 – HKD4,500,000	–	–	–	1
HKD5,000,001 – HKD5,500,000	1	–	–	–
HKD5,500,001 – HKD6,000,000	–	1	–	–
HKD11,000,001 – HKD11,500,000	–	1	–	–
HKD11,500,001 – HKD12,000,000	–	–	–	1
HKD16,000,001 – HKD16,500,000	–	1	–	–
HKD47,500,001 – HKD48,000,000	–	1	–	–
	5	4	5	4

During the Track Record Period, no emoluments have been paid to the five highest individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

9 OTHER INCOME – NET

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants	11,206	8,275	1,490	1,476
Net fair value (losses)/gains on contingent consideration payable to ABS *(Note 33(a))*	–	(4,333)	–	384
Others	–	140	114	–
	11,206	4,082	1,604	1,860

10 OTHER (LOSSES)/GAINS-NET

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants	391	122	7	29
Overdue surcharges on other taxes	(884)	–	–	–
Net loss on disposal of property, plant and equipment	(966)	(73)	(20)	(29)
Others	–	4	(17)	(419)
	(1,459)	53	(30)	(419)

11 FINANCE INCOME AND COSTS

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income				
Interest from deposits	1,363	624	323	201
Net exchange income	237	–	–	–
	1,600	624	323	201
Finance costs				
Interest on convertible loans *(Note 37(b))*	–	–	–	(301)
Interest on loans from related parties *(Note 37(b))*	(4,621)	–	–	–
Interest for lease liabilities	(2,421)	(2,091)	(550)	(505)
Net exchange loss	–	(1,535)	(17)	(139)
Others	(29)	(63)	(6)	(25)
	(7,071)	(3,689)	(573)	(970)
Financial costs – net	(5,471)	(3,065)	(250)	(769)

12 INCOME TAX EXPENSE

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax expense	–	–	–	–
Deferred income tax expense	–	(891)	–	(1,039)
	–	(891)	–	(1,039)

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of the PRC, the principal place of the Group's operations, as follows:

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(288,077)	(523,637)	(74,317)	(143,556)
Calculated at a taxation rate of 25%	(72,019)	(130,909)	(18,579)	(35,889)
Effect of different tax rates of operating entities in other jurisdictions	24,098	47,420	6,370	12,272
Income not subject to tax	(331)	(770)	–	–
Expenses not deductible for taxation purposes	6,116	11,911	25	4,436
Super deduction of research and development expenses	(34,088)	(40,644)	(7,852)	(9,907)
Tax loss and temporary differences not recognized as deferred tax assets	76,224	112,101	20,036	28,049
Income tax expense	–	(891)	–	(1,039)

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Deductible losses	694,905	1,288,579	811,513	1,469,851
Deductible temporary differences	568	35,373	–	1,407
	695,473	1,323,952	811,513	1,471,258

The expiry date of tax losses is as follow:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2019	54,909	–	–
As at 31 December 2020	53,090	53,090	39,449
As at 31 December 2021	79,395	79,395	79,395
As at 31 December 2022	58,251	58,251	58,251
As at 31 December 2023	449,260	449,260	449,260
As at 31 December 2024	–	648,583	686,069
As at 31 December 2025	–	–	157,427
Deductible losses without expiry date *(e)*	–	2,280	5,057
Total	694,905	1,290,859	1,474,908

Deferred income tax assets

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Tax losses of ABT	–	680	1,509

Movements	Tax losses
	RMB'000
At 1 January 2018 and 2019	–
Credited to the profit or loss	680
At 31 December 2019	680
At 1 January 2020	680
Credited to the profit or loss	829
At 31 March 2020	1,509

Deferred income tax liabilities

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Intangible assets	–	14,968	14,757

Movements	Intangible assets *RMB'000*
At 1 January 2018 and 2019	–
Acquisition of business *(Note 35)*	15,179
Credited to the profit or loss	(211)
At 31 December 2019	14,968
At 1 January 2020	14,968
Credited to the profit or loss	(211)
At 31 March 2020	14,757

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5% for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

(c) USA Corporate Income Tax

ABT was established in California, USA. The corporate income tax rate of ABT is subject to both federal income tax rate and California income tax rate, which is 29.84% in total for the year ended 31 December 2019 and the three months ended 31 March 2020. No USA profit tax was provided for as there was no estimated assessable profit that was subject to USA profits tax during the Track Record Period.

(d) PRC Corporate Income Tax

On 23 November 2017, a "Certificate of New Hi-tech Enterprise" was granted to Genor Biopharma, and then Genor Biopharma becomes eligible for a preferential corporate income tax rate of 15% for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020.

Other subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 25%.

(e) As at 31 December 2019 and 31 March 2020, ABT had net operating losses amounted to RMB2,280,000 and RMB5,057,000 to offset against future net profit for income tax purposes. According to the local tax laws and regulations, the net operation losses would be carried forward and deducted for income tax purposes forevermore.

(f) Except for the tax losses of ABT, the Company anticipates that it is more likely that other net operating losses may not be fully utilized based on its estimate of the operation performance in the near future, therefore, the net operating losses was not recognized as deferred tax assets.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period.

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
			(Unaudited)	
Total loss attributable to owners of the Company (in RMB'000)	(288,077)	(522,082)	(74,317)	(141,965)
Weighted average number of ordinary shares in issue (in thousand) *(i)*	256,783	276,482	276,471	280,471
Basic and diluted loss per share (in RMB)	(1.12)	(1.89)	(0.27)	(0.51)

(i) In the calculation of weighted average number of ordinary shares outstanding for the year ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, the share split occurred on 3 December 2018, the shares subscribed for the interests in Genor Biopharma upon the Reorganization and the share consolidation occurred on 3 September 2020 had been adjusted retrospectively as if those shares have been issued since 1 January 2018. The consolidation was every two shares with a par value of US$0.00001 each in the Company's issued and unissued share capital be consolidated into one share with a par value of US$0.00002. As of 31 March 2020, 3,000,000 shares had been authorized to issue in 2018 but not been issued yet, which were issued in May 2020 and had been adjusted retrospectively as if those shares have been issued since 1 January 2018.

(b) Diluted loss per share

The Group has potential dilutive shares throughout the Track Record Period related to the shares held for convertible bonds (Note 33(b)), employee option plan (Note 27(b)) and shares to be issued to Dr. Yue Liu and ABS (Note 27(d)). Due to the Group's losses during the Track Record Period, shares held for employee option plan and shares to be issued to Dr. Yue Liu and ABS have anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Equipment and instruments	Motor vehicles	Office Equipment and furniture	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018						
Cost	69,214	207,195	595	4,343	4,155	285,502
Accumulated depreciation	(17,564)	(50,506)	(57)	(3,194)	–	(71,321)
Net book amount	51,650	156,689	538	1,149	4,155	214,181

	Leasehold improvements	Equipment and instruments	Motor vehicles	Office Equipment and furniture	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018						
Opening net book amount	51,650	156,689	538	1,149	4,155	214,181
Additions	–	6,390	–	625	11,386	18,401
Transfer upon completion	3,068	12,049	–	–	(15,117)	–
Disposals	–	(965)	–	(5)	–	(970)
Depreciation charge	(6,353)	(20,654)	(114)	(466)	–	(27,587)
Closing net book amount	48,365	153,509	424	1,303	424	204,025
At 31 December 2018						
Cost	72,282	223,678	595	4,904	424	301,883
Accumulated depreciation	(23,917)	(70,169)	(171)	(3,601)	–	(97,858)
Net book amount	48,365	153,509	424	1,303	424	204,025
Year ended 31 December 2019						
Opening net book amount	48,365	153,509	424	1,303	424	204,025
Additions	1,149	8,995	–	1,330	5,439	16,913
Transfer upon completion	454	642	–	–	(1,096)	–
Disposals	–	(63)	–	(10)	–	(73)
Depreciation charge	(6,883)	(22,027)	(113)	(413)	–	(29,436)
Closing net book amount	43,085	141,056	311	2,210	4,767	191,429
At 31 December 2019						
Cost	73,885	232,818	595	6,086	4,767	318,151
Accumulated depreciation	(30,800)	(91,762)	(284)	(3,876)	–	(126,722)
Net book amount	43,085	141,056	311	2,210	4,767	191,429
Three months ended 31 March 2020						
Opening net book amount	43,085	141,056	311	2,210	4,767	191,429
Additions	3	197	–	–	6,109	6,309
Transfer upon completion	–	4	–	–	(4)	–
Disposals	–	(1,431)	–	(28)	–	(1,459)
Depreciation charge	(1,750)	(5,553)	(28)	(142)	–	(7,473)
Impairment loss *(i)*	–	–	–	–	–	–
Closing net book amount	41,338	134,273	283	2,040	10,872	188,806
At 31 March 2020						
Cost	73,888	228,789	595	5,914	10,872	320,058
Accumulated depreciation	(32,550)	(94,516)	(312)	(3,874)	–	(131,252)
Net book amount	41,338	134,273	283	2,040	10,872	188,806

(i) For the three months ended 31 March 2020, the impairment loss of RMB1,390,000 relates to an equipment with technical failure, which was recognized as research and development expense in profit or loss. In February 2020, the equipment was disposed and the impairment loss was written off.

Depreciation charges were expensed in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Contract cost	440	315	221	101
Cost of revenue	472	301	89	–
Administrative expenses	457	459	127	129
Research and development expenses	26,218	28,361	6,819	7,243
	27,587	29,436	7,256	7,473

15 LEASES

(a) Right-of-use assets

	Properties
	RMB'000
At 1 January 2018	
Cost	62,927
Accumulated amortisation	(16,824)
Net book amount	46,103
Year ended 31 December 2018	
Opening net book amount	46,103
Amortisation	(8,821)
Closing net book amount	37,282
At 31 December 2018	
Cost	62,927
Accumulated amortisation	(25,645)
Net book amount	37,282
Year ended 31 December 2019	
Opening net book amount	37,282
Additions	4,898
Amortisation	(8,913)
Closing net book amount	33,267

	Properties
	RMB'000
At 31 December 2019	
Cost	67,825
Accumulated amortisation	(34,558)
Net book amount	33,267
Three months ended 31 March 2020	
Opening net book amount	33,267
Additions	558
Amortisation	(2,436)
Closing net book amount	31,389
At 31 March 2020	
Cost	68,383
Accumulated amortisation	(36,994)
Net book amount	31,389

(b) Lease liabilities

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Current	8,958	12,412	13,451
Non-current	35,792	29,351	26,781
	44,750	41,763	40,232

The table below analyses the Group's lease liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The accounts disclosed in the table are the contractual discounted cash flows.

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	8,958	12,412	13,451
Between 1 and 2 years	10,351	11,783	12,291
Between 2 and 5 years	17,203	8,902	6,190
Over 5 years	8,238	8,666	8,300
	44,750	41,763	40,232

(c) Amounts recognized in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation charge of right-of-use assets				
Properties	8,821	8,913	2,205	2,436
Interest expense (included in finance cost)	2,421	2,091	550	505
Expense relating to short-term leases (included in research and development expenses and administrative expenses)	–	417	–	361
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses administrative expenses)	64	90	11	25

For the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, the total cash outflow for leases was approximately RMB9,134,000, RMB10,483,000, RMB1,721,000 and RMB2,980,000.

16 INTANGIBLE ASSETS

	Goodwill	**Computer software**	**Licenses**	**Total**
	RMB'000 (Note a)	*RMB'000 (Note b)*	*RMB'000*	*RMB'000*
At 1 January 2018				
Cost	–	1,524	17,925	19,449
Accumulated amortisation	–	(357)	(2,012)	(2,369)
Net book amount	–	1,167	15,913	17,080
Year ended 31 December 2018				
Opening net book amount	–	1,167	15,913	17,080
Additions	–	166	–	166
Amortisation	–	(308)	(905)	(1,213)
Closing net book amount	–	1,025	15,008	16,033

	Goodwill	Computer software	Licenses	Total
	RMB'000 (Note a)	*RMB'000 (Note b)*	*RMB'000*	*RMB'000*
At 31 December 2018				
Cost	–	1,690	17,925	19,615
Accumulated amortization	–	(665)	(2,917)	(3,582)
Net book amount	–	1,025	15,008	16,033
Year ended 31 December 2019				
Opening net book amount	–	1,025	15,008	16,033
Additions	–	4,203	4,062	8,265
Acquisition of business *(Note 35)*	21,753	–	50,868	72,621
Amortisation	–	(889)	(1,713)	(2,602)
Closing net book amount	21,753	4,339	68,225	94,317
At 31 December 2019				
Cost	21,753	5,893	72,855	100,501
Accumulated amortization	–	(1,554)	(4,630)	(6,184)
Net book amount	21,753	4,339	68,225	94,317
Three months ended 31 March 2020				
Opening net book amount	21,753	4,339	68,225	94,317
Additions	–	2,958	–	2,958
Amortisation	–	(424)	(1,034)	(1,458)
Closing net book amount	21,753	6,873	67,191	95,817
At 31 March 2020				
Cost	21,753	8,851	72,855	103,459
Accumulated amortization	–	(1,978)	(5,664)	(7,642)
Net book amount	21,753	6,873	67,191	95,817

Amortisation charges were expensed in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Administration expenses	–	429	–	283
Research and development expenses	1,213	2,173	312	1,175
	1,213	2,602	312	1,458

(a) Impairment tests for goodwill

Goodwill of RMB21,753,000 is resulted from the acquisition of subsidiary in 2019 (Note 35). The subsidiary is principally engaged in the provision of research and development in the USA.

Management reviews the business performance of the only operating segment. Goodwill is monitored by the management at the operating segment level.

The following is a summary of goodwill allocation for the only operating segment:

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
The operating segment	–	21,753	–	21,753
Three months ended 31 March 2020				
The operating segment	21,753	–	–	21,753

The recoverable amount of the operating segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a twenty-one-year period. Considering it generally takes longer for a biotechnology company to reach a perpetual growth mode compared to companies in other industries, taking into account of the commercialization timing, patent protection period and product life cycle, the management prepared the financial forecast up to the year of 2040 in the goodwill impairment test, which demonstrated a twenty-one-year forecast period when counted from the year of 2020. Cash flows beyond the twenty-one-year period are extrapolated using the estimated growth rates stated below. The long-term average growth rate for the business was 0.00%.

The recoverable amount of the operating segment (including goodwill) based on the estimated value-in-use calculations was higher than the carrying amount at 31 December 2019 and 31 March 2020. Accordingly, no provision for impairment loss for goodwill is considered necessary.

The key assumptions, long-term growth rate and discount rate used in the value-in-use calculations as of 31 December 2019 and 31 March 2020 are as follows.

	31 December 2019	31 March 2020
Revenue (% compound growth rate)	31.12%	31.12%
Research and development expenses (% compound growth rate)	-6.02%	-6.02%
Pre-tax discount rate	16.64%	16.49%
Recoverable amount of operating segment (RMB'000)	4,882,662	5,064,979

These assumptions have been used for the analysis of the one operating segment.

Revenue compound growth rate is for the twenty-one-year forecast period. It is based on the business strategy and the management's expectation for the market development. The management forecasted the revenue of drugs would be generated from the year of 2021.

Research and development expenses compound growth rate is for the twenty-one-year forecast period. It is based on management's expectation and the progress of clinical trials.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. By reference to relevant accounting standards, the future cash flows used in value-in-use calculations to assess the goodwill impairment of the operating segment did not include income tax receipts or payments, and thus the management of the Company used the pre-tax discount rate to match the future cash flows when calculating the recoverable amount of the operating segment.

If the revenue compound growth rate had been 2% lower, or the research and development expenses compound growth rate had been 5% higher, or the pre-tax discount rate had been 1% higher, there was still sufficient headroom with no impairment required for the year ended 31 December 2019 and the three months ended 31 March 2020. Therefore, a reasonably possible change in such key assumptions would not cause the carrying amount of the cash-generating unit ("CGU") to exceed its recoverable amount.

The table below sets forth the breakeven point of such key assumptions for the twenty-one-years forecast period as of 31 December 2019 and 31 March 2020 (estimates based on the operations for the periods indicated) used in goodwill impairment testing:

	Year ended 31 December 2019		Three months ended 31 March 2020	
	Key assumption	Breakeven point	Key assumption	Breakeven point
Revenue (% compound growth rate)	31.12%	26.50%	31.12%	26.49%
Research and development expense (% compound growth rate)	-6.02%	13.69%	-6.02%	12.72%
Pre-tax discount rate	16.64%	33.34%	16.49%	33.73%

As of 31 December 2019, if the revenue compound growth rate had been 4.62% lower, or the research and development expenses compound growth rate had been 19.71% higher, or the pre-tax discount rate had been 16.70% higher, the carrying amount of the CGU would exceed its recoverable amount. As of 31 March 2020, if the revenue compound growth rate had been 4.63% lower, or the research and development expenses compound growth rate had been 18.74% higher, or the pre-tax discount rate had been 17.24% higher, the carrying amount of the CGU would exceed its recoverable amount.

(b) Licenses

Licenses includes the licenses purchased from third parties and the licenses acquired from the acquisition of business (Note 35). Licenses are recognized as intangible assets at historical cost and amortised using the straight-line method over their estimated useful lives, which are determined according to the authorized useful lives and the management's estimation. The long-term average growth rate for the business was 0.00%.

The licenses acquired from the acquisition of business is based on the discounted cash flow method, and the key assumptions as at 27 September 2019 are as follows.

	Licenses
Revenue (% compound growth rate), calculate from the year of 2025	7.98%
Research and development expenses (% compound growth rate)	-14.00%
Discount rate	22.50%

Revenue compound growth rate and research and development expenses compound growth rate are for the twenty-one-year forecast period. It is based on the business strategy and the management's expectation for the market development. The management forecasted the revenue of biological drugs would be generated from the year of 2025.

17 SUBSIDIARIES

The Group's principal subsidiaries at 31 March 2020 are set out in Note 1.2. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

(a) Significant restrictions

As at 31 December 2018 and 2019 and 31 March 2020, Cash and cash equivalents of RMB124,282,000, RMB199,144,000 and RMB175,403,000 are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

(b) Investments in subsidiaries

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interests in subsidiaries *(i)*	1,015,908	1,854,172	1,932,647
Deemed capital contribution to subsidiaries *(ii)*	–	74,945	102,609
	1,015,908	1,929,117	2,035,256

(i) Before the Track Record Period, the Company acquired 100% interests, 1 ordinary share, in HHCT with a consideration of HKD0.001. For the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, the Company contributed to HHCT to acquire the Listing Business with RMB1,015,908,000, RMB787,959,000 and RMB78,475,000, respectively. On 27 September 2019, the Company acquired 80% shares of ABT with a total consideration of RMB50,305,000 (Note 35(a)).

(ii) The amounts represent the equity-settled share-based payments in respect of the respective share options granted by the Company to certain employees of the specified subsidiaries for employees' services rendered to the respective subsidiaries under the Company's employee option plan as disclosed in Note 27. Since the subsidiaries have no obligation to reimburse such expense, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial Assets			
Financial assets at amortised cost			
Trade receivables	581	–	–
Other receivables, deposits and prepayments (excluding prepayments and VAT input tax to deduct)	1,732	2,024	2,160
Amounts due from related parties	466,725	20,942	20,942
Cash and cash equivalents	125,158	253,520	196,836
	594,196	276,486	219,938
Financial Liabilities			
Financial liabilities at amortised cost			
Trade payables	30,868	103,363	112,790
Other payables and accruals (excluding accrued employee benefits, accrued share-based payment and tax payable)	14,722	151,166	159,820
Amounts due to related parties (excluding contingent consideration)	21	6,211	22,442
Lease liabilities	44,750	41,763	40,232
Other non-current liabilities (excluding accrued share-based payment)	–	37,423	37,423
Financial liabilities at fair value			
Contingent consideration in amounts due to related parties	–	41,907	41,523
	90,361	381,833	414,230

19 INVENTORIES

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Consumables	14,219	14,422	13,125
Raw material	11,643	12,187	11,547
	25,862	26,609	24,672
Less: provisions for inventories	(622)	(1,340)	(1,617)
	25,240	25,269	23,055

20 CONTRACT COST

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contract performance cost	8,085	3,927	4,342

21 TRADE RECEIVABLES

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	581	–	–
Less: provision for impairment of trade receivables	–	–	–
Trade receivables – net	581	–	–

The carrying amounts of the Group's trade receivables are denominated in RMB and approximate their fair values. The balances represent mainly amounts to be claimed from FFS customers.

As at 31 December 2018 and 2019 and 31 March 2020, the aging analysis of the trade receivables based on invoice dates was as follows:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	–	–	–
4 – 6 months	–	–	–
7 months – 1 year	581	–	–
	581	–	–

Based on the past experience, the Group has not incurred loss allowance, and the balance of trade receivables as at 31 December 2018 has been settled in the year of 2019. The management did not recognize any loss allowance in 2018.

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for inventories and clinical fee	55,967	43,855	47,439
VAT input tax to be deducted	39,224	53,230	56,486
Prepayment for equipment and software	6,980	10,025	6,815
Rental deposits	1,654	1,823	1,931
Listing expenses	–	–	3,415
Others	707	551	401
	104,532	109,484	116,487
Less: non-current portion	(47,851)	(64,902)	(64,948)
Current portion	56,681	44,582	51,539

The carrying amounts of other receivables and deposits are mainly denominated in RMB and approximate their fair values.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets measured at FVPL which was issued by the subsidiary was eliminated in the consolidated balance sheets.

The Company

(a) Classification of financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL of the Company include the following:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Preference shares issued by ABT	–	32,795	33,859
Subscription option	–	2,319	2,386
	–	35,114	36,245

On 26 September 2019, the Company entered into a share subscription and purchase agreement (the "Subscription Agreement") with ABS, Dr. Yue Liu and ABT. Pursuant to the Subscription Agreement, ABT agreed to sell and issue 3,333,333 preference shares to the Company, and the Company have the right to elect to subscribe for 666,667 additional preference shares at a purchase price of USD1.50 per share and on the same terms and conditions with respect to the subscription shares, on the date (the "Exercise Date") that is the later of (i) twelve months following the closing of Subscription Agreement and (ii) the closing of the Company's last equity financing round that occurs prior to the initial public offering of shares of the Company. The total consideration of the subscription was USD5,000,000, out of which, USD2,000,000 was paid in cash and USD3,000,000 was paid in the form of promissory note as at 31 December 2019.

The promissory note was presented in amounts due to ABT of the Company with RMB20,301,000 and RMB13,789,000 as at 31 December 2019 and 31 March 2020, respectively.

The preference shares and subscription option are measured at fair value, and any gain or loss arising on changes in fair value is adjusted in profit or loss directly and presented in other gains/(losses).

(b) Amounts recognized in profit or loss

The following gains were recognized in the statements of profit or loss and other comprehensive income of the Company:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value gains on equity investments at FVPL recognized in other gains	–	1,501	–	1,131

24 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 31 March
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	5	–	–
Cash at banks			
– RMB deposits	124,277	190,225	160,851
– USD deposits	876	63,295	35,985
	125,158	253,520	196,836

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group's balances of cash at banks which are mainly denominated in RMB are deposited with banks in the PRC. The conversion of these RMB-denominated balances into foreign currencies and the remittance of funds out of the Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the Government of the PRC.

The Company

	As at 31 December		As at 31 March
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks			
– USD deposits	–	42,892	5,977
	–	42,892	5,977

25 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value of shares
		USD
Authorised		
Ordinary shares upon incorporation *(a)*	10,000,000	10,000
Shares re-designation on 3 December 2018 *(a)*	990,000,000	–
As at 31 December 2018 and 2019 and 31 March 2020	1,000,000,000	10,000

	Number of shares	Share capital	Share premium	Total
		RMB'000	*RMB'000*	*RMB'000*
Issued				
As at 1 January 2018 *(a)*	1	–	–	–
Shares re-designation on 3 December 2018 *(a)(b)*	99	–*	–*	–*
Shares subscribed by shareholders *(b)*	212,087,401	15	1,463,629	1,463,644
As at 31 December 2018	212,087,501	15	1,463,629	1,463,644
Shares issued to the Original Domestic Shareholders in Reorganization *(c)*	276,260,295	20	–	20
Shares subscribed by shareholders *(b)*	56,593,381	3	396,179	396,182
Shares exercised under employee option plan *(d)*	8,000,000	1	61,923	61,924
As at 31 December 2019	552,941,177	39	1,921,731	1,921,770
Shares subscribed by shareholders *(b)*	5,000,000	–*	34,859	34,859
As at 31 March 2020	557,941,177	39	1,956,590	1,956,629

* The balance stated above was less than RMB1,000.

(a) The Company was incorporated in the Cayman Islands on 10 April 2017 with an authorized share capital of USD10,000 divided into 10,000,000 ordinary shares of a par value of USD0.001 each. On the same date, 1 ordinary share of the Company was allotted and issued with a consideration of USD0.001. As of 1 January 2018, the issued 1 ordinary share has not been paid yet.

On 3 December 2018, the Company conducted a re-designation of its authorized share capital from USD10,000 divided into 10,000,000 shares of a par value of USD0.001 each to USD10,000 divided into 1,000,000,000 shares of a par value of USD0.00001 each. Upon the re-designation, the 1 ordinary share at par value of USD0.001 each in the Company held by HHJH was split into 100 shares at a par value of USD0.00001 each.

(b) On 19 November 2018, the Company entered into a shares subscription agreement with several subscribers. Pursuant to this agreement, the Company agreed to allot and issue 276,680,782 ordinary shares in total with a consideration of USD1 each to HHJH, Yaly Capital Biotech Investment 1 Limited,

BioTrack Capital Fund I, LP, Fortune Creation Ventures Limited, Qiming Venture Partners VI, L.P., Qiming Managing Directors Fund VI, L.P., Photons Group Limited, Twin Eagle Venture Limited, AquaStar Investment Limited, Sun Moral International (HK) Limited and Jinsheng Capital Management Limited. The 212,087,401 ordinary shares were issued on 3 December 2018 at a total consideration of approximately RMB1,463,644,000 with RMB15,000 and RMB1,463,629,000 credited to the Company's share capital and share premium, respectively.

As of 31 December 2018, the 100 ordinary shares issued on the date of incorporation and 144,866,043 ordinary shares issued on 3 December 2018 were paid, and the remaining 67,221,358 ordinary shares amount to RMB466,725,000 (Note 33) had not been paid, which were paid in the year of 2019.

As Sun Moral International (HK) Limited did not proceed the subscription of the 17,148,839 ordinary shares (the "Outstanding Shares") under the shares subscription agreement on 19 November 2018, Shanghai Yanghuan Enterprise Management Partnership (Limited Partnership) entered into a share subscription agreement with the Company dated on 24 June 2019 (Note 1.2(iii)) and subscribed the Outstanding Shares. The subscribed shares were issued on 23 September 2019.

On 22 October 2019, the Company entered into a shares subscription agreement with several subscribers. Pursuant to this agreement, the Company terminated the subscription with Yaly Capital Biotech Investment 1 Limited and Jinsheng Capital Management Limited for an aggregate of 22,500,000 ordinary shares subscribed on 19 November 2018 (the "Terminated Shares I"). Instead, the Terminated Shares I were subscribed by Twin Eagle Venture Limited, AquaStar Investment Limited, HM Healthcare Management Services, Ltd., TG River Investment Ltd., Tiger Jade Investment I Company Limited and Yingke Innovation Fund LP. All of 22,500,000 ordinary shares were issued in the year of 2019.

On 27 December 2019, the Company further entered into a shares subscription agreement with several subscribers. Pursuant to this agreement, the Company further terminated the subscription with Yaly Capital Biotech Investment 1 Limited and Jinsheng Capital Management Limited for an aggregate of 21,944,542 ordinary shares subscribed on 19 November 2018 (the "Terminated Shares II"). Instead, the Terminated Shares II were subscribed by HHJH, Yingke Innovation Fund LP and Hongkong Tigermed Co., Limited. The 16,944,542 ordinary shares were issued in the year of 2019, and the remaining 5,000,000 ordinary shares were issued in January 2020.

The total consideration of the 56,593,381 ordinary shares issued in the year of 2019 was approximately RMB396,182,000, out of which, RMB3,000 and RMB396,179,000 were credited to the Company's share capital and share premium, respectively.

The total consideration of the 5,000,000 ordinary shares issued in January 2020 was approximately RMB34,859,000, out of which, RMB349 was credited to the Company's share capital and RMB34,859,000 was credited to the Company's share premium.

On 11 May 2020, the Company further entered into a share subscription agreement with Yaly Capital Biotech Investment 1 Limited. Pursuant to this agreement, the Company further terminated the subscription for the 3,000,000 ordinary shares subscribed on 19 November 2018 (the "Terminated Shares III"), which were re-subscribed by Yaly Capital Biotech Investment and issued by the Company on 11 May 2020. The Terminated Shares III were paid in the year of 2018, with approximately RMB20,699,000 credited to capital received in advance (Note 32).

(c) As set forth in Note 1.2(iii), the Original Domestic Shareholders agreed to sell the remaining 49.96% interests in Genor Biopharma in exchange for the Company to issue 276,260,295 ordinary shares in total with par value USD0.00001 each to the Original Domestic Investors of the Original Domestic Shareholders.

The 276,260,295 ordinary shares were issued during the year ended 31 December 2019, with approximately RMB20,000 credited to the Company's share capital.

(d) On 30 December 2019, the Company issued 8,000,000 ordinary shares to Watchmen Alpha Limited which is owned by a key management officer, granted under 2019 employee option plan (Note 27(b)), with a total exercise price of USD3,000,500, equivalent to approximately RMB20,946,000. The 5,000,000 ordinary shares of USD0.0001 each were paid on 30 December 2019, and the remaining 3,000,000 ordinary shares of USD1.0000 each amount to USD3,000,000, equivalent to approximately RMB20,942,000 (Note 33), had not been paid.

26 PAID-IN CAPITAL, RESERVES AND ACCUMULATED LOSSES

		Reserves			
	Paid-in capital	**Other reserve**	**Share-based payment**	**Other comprehensive income/(loss)**	**Accumulated losses**
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
At 1 January 2018	422,702	490,141	8,030	–	(683,275)
Loss for the year	–	–	–	–	(288,077)
Capital contribution by shareholders of Genor Biopharma *(a)*	65,740	326,202	–	–	–
Repurchase of part of the shares from shareholders of Genor Biopharma *(Note 1.2)*	(488,442)	(528,596)	–	–	–
Share-based payment *(Note 27)*	–	–	35,535	–	–
At 31 December 2018	–	287,747	43,565	–	(971,352)
At 1 January 2019	–	287,747	43,565	–	(971,352)
Loss for the year	–	–	–	–	(522,082)
Other comprehensive loss	–	–	–	(217)	–
Repurchase of part of the shares from shareholders of Genor Biopharma and the share swap *(Note 1.2)*	–	(574,412)	–	–	–
Share-based payment *(Note 27)*	–	–	74,945	–	–
Shares exercised under employee option plan	–	–	(40,978)	–	–
At 31 December 2019	–	(286,665)	77,532	(217)	(1,493,434)
At 1 January 2020	–	(286,665)	77,532	(217)	(1,493,434)
Loss for the year	–	–	–	–	(141,965)
Other comprehensive income	–	–	–	315	–
Share-based payment *(Note 27)*	–	–	27,664	–	–
At 31 March 2020	–	(286,665)	105,196	98	(1,635,399)

(a) In May 2013, Genor Biopharma entered into a capital contribution agreement with Shixenze Ansheng Investment L.P. (石河子安勝投資合夥企業(有限合夥)), pursuant to which the total capital contribution was RMB300,000,000. As of 1 January 2018, the capital contribution amounting to RMB21,942,000 was outstanding, which was fully paid on 4 May 2018 with approximately RMB13,658,000 and RMB8,284,000 credited to Genor Biopharma's paid-in capital and reserves, respectively.

In June 2018, Genor Biopharma entered into a capital contribution agreement with Guanyou Xingwo and Tiger Yingke, pursuant to which the total capital contribution was RMB370,000,000. The total capital contribution was fully paid on 6 July 2018 and 31 August 2018 with approximately RMB52,082,000 and RMB317,918,000 credited to Genor Biopharma's paid-in capital and reserves, respectively.

27 SHARE-BASED PAYMENTS

(a) Share award schemes

2018 equity-settled share-based payment from shareholder

On 1 July 2018, the shareholder of Walvax Biotechnology paid RMB35,535,000 in cash("Award") to certain employees and senior management to award their previous contributions to Genor Biopharma. The Award was recorded as an equity-settled share-based payment in Genor Biopharma.

(b) 2019 Employee Option Plan

On 19 August 2019, the Compensation Committee approved JHBP (CY) Holdings Limited Share Option Plan ("2019 Employee Option Plan") with the authorization from the Board of Directors of the Company. Pursuant to which, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future. There are three categories of share-based payment under the 2019 Employee Option Plan.

- Category I: equity-settled share-based payment with exercise price of USD0.0001
- Category II: equity-settled share-based payment with exercise price of USD1.0000
- Category III: share-based payment with cash alternatives

Whatever categories belong to, these options are valid for ten years once vested.

(i) Category I and Category II

The Company entered into agreements with employees on 31 August 2019, 16 September 2019, 18 December 2019 and 29 February 2020, separately. Under these agreements, the options are vested based on service condition or performance condition. The service condition is designed to acquire service from employees for a specified period, except for which, the performance condition also includes specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

(ii) Category III

The Company entered into agreements with employees on 16 September 2019, under which, the options were vested immediately. Pursuant to these agreements, the employees were granted the choice of cash settlement or equity settlement.

Set out below are summaries of options granted:

	Category I	
	Exercise price per share	**Number of options**
As at 1 January 2019	–	–
Granted during the year	USD0.0001	26,837,029
Exercised during the year	USD0.0001	(5,000,000)
Forfeited during the year	–	(130,000)
As at 31 December 2019	USD0.0001	21,707,029
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	USD0.0001	21,707,029
Granted during the period	USD0.0001	1,990,000
Exercised during the period	–	–
Forfeited during the period	–	–
As at 31 March 2020	USD0.0001	23,697,029
Vested and exercisable at 31 March 2020		–

	Category II	
	Exercise price per share	**Number of options**
As at 1 January 2019	–	–
Granted during the year	USD1.0000	18,509,823
Exercised during the year	USD1.0000	(3,000,000)
Forfeited during the year	–	(270,000)
As at 31 December 2019	USD1.0000	15,239,823
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	USD1.0000	15,239,823
Granted during the period	USD1.0000	4,190,000
Exercised during the period	–	–
Forfeited during the period	–	–
As at 31 March 2020	USD1.0000	19,429,823
Vested and exercisable at 31 March 2020		–

	Category III (A)	
	Exercise price per share	**Number of options**
As at 1 January 2019	–	–
Granted during the year	USD0.0001	5,253,008
Exercised during the year	–	–
Forfeited during the year	–	–
As at 31 December 2019	USD0.0001	5,253,008
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	USD1.0000	5,253,008
Granted during the period	–	–
Exercised during the period	–	–
Forfeited during the period	–	–
As at 31 March 2020	USD1.0000	5,253,008
Vested and exercisable at 31 March 2020		–

	Category III (B)	
	Exercise price per share	**Number of options**
As at 1 January 2019	–	–
Granted during the year	USD1.0000	100,000
Exercised during the year	–	–
Forfeited during the year	–	–
As at 31 December 2019	USD1.0000	100,000
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	USD1.0000	100,000
Granted during the period	–	–
Exercised during the period	–	–
Forfeited during the period	–	–
As at 31 March 2020	USD1.0000	100,000
Vested and exercisable at 31 March 2020		–

No options expired during the periods covered by the above tables.

Share options outstanding as at 31 March 2020 have the following exercise prices:

	Exercise price per share	Share options as at 31 March 2020
Category I	USD0.0001	23,697,029
Category II	USD1.0000	19,429,823
Category III (A)	USD0.0001	5,253,008
Category III (B)	USD1.0000	100,000
Total		48,479,860

Weighted average remaining contractual life of options outstanding as at 31 March 2020 is 9.56 years.

The fair value of the options under Category I is between RMB6.3224 to RMB6.9643, the fair value of the options under Category II is between RMB2.7294 to RMB3.5267, and the fair value of the options under Category III is between RMB3.8199 to RMB6.3224.

(c) Fair value of options granted

The fair value at grant date is independently determined using binomial model, the significant inputs were listed as below,

2019 Employee Share Plan

– Granted in 2019	Category I	Category II	Category III
Expected price volatility	42.8% to 43.7%	42.8% to 43.7%	43.6%
Expected option life (year)	10.00	10.00	10.00
Risk free interest rate	1.50% to 1.92%	1.84% to 1.92%	1.84%
Fair value of ordinary shares (USD)	0.88 to 1.00	0.88 to 1.00	0.88
Fair value of ordinary shares (RMB)	6.1276 to 6.9632	6.1276 to 6.9632	6.1276

– Granted in 2020	Category I	Category II
Expected price volatility	43.09%	43.09%
Expected option life (year)	10.00	10.00
Risk free interest rate	1.16%	1.16%
Fair value of ordinary shares (USD)	0.98	0.98
Fair value of ordinary shares (RMB)	6.8522	6.8522

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period close to the expected time to exercise.

(d) Share Subscription and Purchase Agreement

On 26 September 2019, the Company entered into the Subscription Agreement with ABS, Dr. Yue Liu and ABT. Pursuant to the Subscription Agreement, the Company shall allot and issue 8,181,819 new ordinary shares to ABS and 909,091 new ordinary shares to Dr. Yue Liu.

Out of 8,181,819 ordinary shares issued to ABS, 4,090,910 shares would be evenly issued on each anniversary of the closing of Subscription Agreement ("Closing") through the fourth anniversary of the Closing, and 4,090,909 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development programs.

Out of 909,091 ordinary shares issued to Dr. Yue Liu, the Company shall allot and issue 909,091 new ordinary shares to Dr. Yue Liu, out of which, 454,546 shares would be evenly issued on each anniversary of the Closing through the fourth anniversary of the Closing ("ABT Batch I"), and 454,545 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development program ("ABT Batch II").

The conditions to the Closing included but not limited as below:

Dr. Yue Liu shall have executed and delivered a founder commitment agreement, under which founder shall join ABT as a key employee, and commit all the efforts within the first four years after the completion to furthering the business of ABT. Dr. Yue Liu also agrees that, without the prior written consent of the Company, Dr. Yue Liu shall not, directly or indirectly, transfer any equity securities of the ABT held by Dr. Yue Liu from time to time prior to the earlier of (i) the fourth anniversary of the Closing and (ii) the consummation of the qualified public offering of ABT.

Pursuant to conditions provided in the Subscription Agreement, in the event that Dr. Yue Liu resigns from ABT, Dr. Yue Liu would not be allotted the new shares issued on each anniversary of the Closing. In accordance with relevant accounting standards, the shares granted to Dr. Yue Liu was treated as a share option scheme. Specifically, the ABT Batch I would be issued and vested annually over four years as service condition, under which the vesting period is one to four years. Although the ABT Batch II will be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development programs, it was treated as immediately vested because ABT's completion of milestones is non-vesting condition without Dr. Yue Liu's service condition. The exercise price of the options is nil. The granted share options were considered as equity-settled share-based payment to Dr. Yue Liu.

The assessed fair value at grant date of the share options settled annually over four years as service condition was USD0.88 per option, which is independently determined using the same valuation form stated in Note 27(c). The assessed fair value at grant date of the other share options settled based on milestone without service condition was USD0.88 per option, which is independently determined using the same valuation form stated in Note 27(c). Key assumptions used in determining the fair value of share options are as follows:

	ABT Batch I	ABT Batch II
Key assumptions:		
Expected price volatility	43.6% to 43.7%	43.6% to 43.7%
Expected option life (year)	10.00	10.00
Risk free interest rate	1.50% to 1.84%	1.50% to 1.84%
Fair value of ordinary shares (RMB)	6.1276	6.1276

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the Track Record Period as part of employee benefit expense were as follows:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Share award schemes and employee option plan			
– Share-based payment with cash alternatives	–	33,154	(533)
– Equity-settled share-based payment	35,535	73,436	27,486
Share subscription and purchase agreement	–	1,509	178
	35,535	108,099	27,131

28 DEFERRED INCOME

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Government grant			
Asset-related grants *(a)*	27,421	23,919	23,043
Reimbursement of future expenses *(b)*	2,587	2,475	2,575
	30,008	26,394	25,618
Less: current portion	(3,502)	(3,502)	(3,502)
Non-current portion	26,506	22,892	22,116

(a) The asset-related grants are the subsidies received from the government for the purpose of compensation for purchase of the Group's property, plant and equipment.

(b) Government grants as reimbursement of future expenses are subsidies received for compensating the Group's future research and development activities with regards to certain projects.

The amount of government grants that credited to the statement of profit or loss and other comprehensive income is disclosed in Note 9.

29 OTHER NON-CURRENT LIABILITIES

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Project fund payable *(a)*	–	37,423	37,423
Accrued share-based payments	–	9,946	9,787
	–	47,369	47,210

(a) During the year ended 31 December 2019, Genor Biopharma and other seven independent biological research companies jointly entered into an agreement with National Health Commission ("NHC") of the PRC in relation to a major new drug development project ("Project Agreement"). In December 2019, Genor Biopharma, as the leader of the project, received RMB170,096,000 from NHC, out of which, RMB132,673,000 was granted and payable to the other companies while the rest RMB37,423,000 was enjoyed by Genor Biopharma (the "Fund"). As of 26 May 2020, Genor Biopharma paid out all the Fund which belonged to other seven companies.

Pursuant to the Project Agreement, Genor Biopharma is obligated to return the Fund in the year ending 31 December 2021, if it fails to meet certain conditional requirements listed in the Project Agreement. These conditional requirements include to record project expenditures by different source of funds and the achievement of key technical indicators specified in the Project Agreement.

Considering the significant uncertainty on the satisfaction of the given conditions, the Company recorded the Fund as non-current liability.

30 TRADE PAYABLES

An aging analysis, based on invoice date, of trade payables as at the consolidated statements of financial position dates were as follows:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	30,697	103,110	112,736
1-2 years	50	253	54
2-3 years	121	–	–
	30,868	103,363	112,790

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to short-term maturities.

31 CONTRACT LIABILITIES

The Group has recognized the following revenue-related contract liabilities:

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities on FFS contracts	12,780	12,599	12,599
Less: non-current portion	(2,100)	(755)	(755)
Current portion	10,680	11,844	11,844

The Group classifies these contract liabilities as current because the Group expects to realize them in their normal operating cycle, which are expected within one year.

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December		Three months ended 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized relating to carried-forward contract liabilities	1,256	5,963	–

Transaction price allocated to the unsatisfied performance obligations.

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amount of transaction price allocated to FFS contracts that are partially or fully unsatisfied	24,451	22,886	22,735

The above remaining performance obligation expected to be recognized mainly related to the contract of service. Management expects that the amount of RMB18,938,000, RMB19,956,000 and RMB19,321,000 of the transaction to unsatisfied obligations as of 31 December 2018 and 2019 and 31 March 2020 will be recognized as revenue within next one year. The remaining will be recognized in more than one year. The amounts disclosed above do not include variable consideration which is constrained.

32 OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Payable to the third parties *(Note 29(a))*	–	132,673	132,673
Accrued share-based payments	–	23,208	22,834
Capital received in advance *(Note 25(b))*	20,699	20,699	20,699
Accrued listing expenses	–	–	13,756
Accrued employee benefits	9,878	17,090	12,314
Payables to suppliers of fixed assets	12,642	14,216	6,949
Tax payable	331	638	564
Others	2,080	4,277	6,442
	45,630	212,801	216,231

The carrying amounts of accruals, other payables and provisions are denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

33 BALANCES WITH RELATED PARTIES

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Non-trade in nature			
HHJH *(Note 25(b))*	466,725	–	–
Watchmen Alpha Limited *(a)*	–	20,942	20,942
	466,725	20,942	20,942

(a) The amounts arose from outstanding capital contribution by Watchmen Alpha Limited, which is owned by a key management officer, in connection with its subscription of ordinary shares in December 2019 (Note 25(d)). The settlement of the receivables will be designated by the compensation committee of the Board of the Company and estimated to be settled after the Listing.

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
Trade in nature			
Yuxi Walvax Biotechnology Co., Ltd. (玉溪沃森生物技術有限公司) ("Yuxi Walvax")	–	5,555	7,198
ABS	–	635	744
	–	6,190	7,942
Non-trade in nature			
Yuxi Walvax	21	21	21
ABS *(b)*	–	41,907	41,531
HHJH *(c)*	–	–	14,471
	21	41,928	56,023
Total	21	48,118	63,965
Less: non-current portion	–	(31,916)	(31,623)
Current portion	21	16,202	32,342

(b) The amounts due to ABS is attributable to the contingent consideration for the acquisition of business, and the fair value of contingent consideration was approximately RMB37,574,000 at the acquisition date. As at 31 December 2019 and 31 March 2020, the fair value of contingent consideration was approximately RMB41,907,000 and RMB41,523,000, and the fair value changes amounting to RMB4,333,000 and RMB384,000 are recognized in "other income/expenses" in the statement of comprehensive income. The amounts will be paid to ABS upon reaching certain milestones relating to development status, regulatory approval and license out arrangements and will not be fully settled before the Listing.

(c) On 12 March 2020, the Company entered into a convertible note purchase agreement (the "Agreement") with HHJH in principal amount of no more than USD30,000,000 (the "Principal Amount"). The major terms and conditions of the convertible note are as follows:

(i) Maturity

All Principle Amount, together with interest and arrangement fee shall be due and payable on maturity date (the "Redemption Right"). The maturity date for the convertible note is earlier of: 1) 12 March 2021 which is one year from the date of issue of the convertible note; 2) the following business day after the closing of the Company's next equity financing; 3) at any time decided by HHJH at its sole discretion.

(ii) Interest rate

The Company shall pay an arrangement fee in amount of 1.5% of the Principal Amount drawn down (the "Arrangement Fee") with respect to each note. Besides the Company shall pay a compounded interest rate at 12% per annum for the first ninety days and the interest rate would be adjusted to 15% per annum on the ninety first day. Both arrangement fee and interests shall be due and payable on maturity date.

(iii) Conversion price

At the sole discretion of HHJH, all or portion of Principle Amount plus any interest accrued and the Arrangement Fee (collectively "Conversion Amount") may be converted into the equity securities of the Company issued and sold at the closing of the Company's next equity financing, at the same purchase price per share, i.e. market price, of the next equity financing consummated (the "Convertible Rights").

Pursuant to the Agreement, the Company cannot avoid the obligation of the payment for convertible notes. The host contract is deemed as a debt contract. Considering the conversion price is market price and the Convertible Right has no value, it is not deemed as derivatives. Besides, since the redemption price is almost equal to the amortised cost of the convertible notes, the Redemption right is closely related to the economic characteristics and risk of the host contract. The embedded derivative is classified and measured together with the host debt contract at amortised cost. As at 31 March 2020, the Company issued the convertible note in a Principal Amount of USD2,000,000 (equivalent to RMB14,170,000) to HHJH, with the amortised amount of approximately USD2,043,000 (equivalent to RMB14,471,000).

In the second quarter of 2020, the Company additionally issued the convertible note in a Principal Amount of USD15,000,000 to HHJH. As of 11 May 2020, the total Principle Amount was USD17,000,000. On 26 May 2020, the Company entered into a confirmation on conversion of convertible notes with HHJH, pursuant to which, the Company exercised its right to convert all Conversion Amount into the Company's Series B Preferred Shares with a total amount of USD17,492,041.

34 NET CASH USED IN OPERATIONS

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(288,077)	(523,637)	(74,317)	(143,556)
Adjustments for:				
– Non-cash share-based payment expenses	35,535	108,099	–	27,131
– Depreciation of property, plant and equipment	27,147	29,121	7,035	7,372
– Amortisation of right-of-use assets and intangible assets	10,034	11,515	2,517	3,894
– Financial cost	7,042	1,874	550	1,363
– Provision for impairment of inventories and property, plant and equipment	568	1,340	–	1,934
– Interest income	(1,363)	(624)	(323)	(201)
– Foreign exchange gains	(42)	(1,025)	17	(553)
– Gains from asset related government grants	(3,502)	(3,502)	(876)	(876)
– Net fair value losses on contingent consideration payable to ABS	–	4,333	–	(384)
– Loss on disposal of property, plants and equipment	966	73	20	29
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):	(211,692)	(372,433)	(65,377)	(103,847)
-Inventories	3,480	(1,369)	(3,025)	1,670
-Contract cost	(1,405)	4,474	(1,292)	(314)
-Trade receivables	67	581	42	–
-Other receivables and prepayments	(44,215)	(1,907)	12,314	(10,213)
-Trade payables	(750)	72,495	(7,131)	9,427
-Accruals and other payables	3,383	143,686	(11,111)	6,114
-Amounts due to related parties	(8,705)	6,190	312	1,760
-Contract liabilities	7,062	(181)	625	–
-Deferred income of reimbursement of future expenses	(2,176)	(112)	(314)	100
-Other non-current liabilities *(Note 29)*	–	37,423	–	(159)
Net cash used in operations	(254,951)	(111,153)	(74,957)	(95,462)

Net debt reconciliation is shown below:

	Lease liabilities	Borrowings from related parties	Interest expenses	Total debts
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	51,399	31,900	–	83,299
Cash flows	(9,070)	(31,900)	(4,621)	(45,591)
Non-cash movements	2,421	–	4,621	7,042
At 31 December 2018	44,750	–	–	44,750
Cash flows	(9,976)	–	–	(9,976)
Non-cash movements	6,989	–	–	6,989
At 31 December 2019	41,763	–	–	41,763
Cash flows	(2,594)	13,928	–	11,334
Non-cash movements	1,063	543	–	1,606
At 31 March 2020	40,232	14,471	–	54,703
(Unaudited)				
At 1 January 2019	44,750	–	–	44,750
Cash flows	(1,710)	–	–	(1,710)
Non-cash movements	550	–	–	550
At 31 March 2019	43,590	–	–	43,590

35 BUSINESS COMBINATION

(a) Summary of acquisition

On 27 September 2019, the Company acquired 80% of the issued share capital of ABT, a company set up by ABS and Dr. Yue Liu and engaged in the business of therapeutic antibody research and development, with USD1,800,000 (RMB12,731,000) as cash consideration and 8,181,819 ordinary shares (Note 27(d)) of the Company as contingent consideration. Immediately after the completion of the acquisition, the Company obtained the control of ABT.

The goodwill of RMB21,753,000 arising from the acquisition is attributable to the synergy of business combination arising from advantages of human resources and biopharmaceutical research technology. None of the goodwill recognized is expected to be deductible for income tax purpose.

Details of the purchase consideration, the net assets acquired are as follows:

	RMB'000
Purchase consideration (refer to (b) below):	
Cash paid	12,731
Contingent consideration	37,574
	50,305

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value
	RMB'000
Cash and cash equivalents	1
Intangible assets – licenses	50,868
Deferred income tax liabilities	(15,179)
Net identifiable assets acquired	35,690
Less: non-controlling interests	(7,138)
Add: goodwill	21,753
Net assets acquired	50,305

There were no acquisitions during the year ended 31 December 2018.

(i) Acquired licenses

The fair value of acquired licenses is RMB50,868,000, which is based on the valuation method and assumption stated in Note 16(b).

(ii) Accounting policy choice for non-controlling interests

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in ABT, the Group elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.3 for the Group's accounting policies for business combinations.

(b) Purchase consideration – cash outflow

	Year ended 31 December 2019
	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	12,731
Less: balances acquired cash	1
Net outflow of cash – investing activities	12,730

36 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the Financial Information.

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
– Property, plant and equipment	11,180	19,378	15,796

(b) Operating lease commitments for short-term and low value leases

The Group has recognized right-of-use assets for these leases, except for short-term and low-value leases, see Note 15 for further information. The following is the details of operating lease commitments for short-term and low value leases.

	As at 31 December		As at 31 March
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	81	924	2,223
Between 1 and 5 years	94	63	175
	175	987	2,398

37 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control, common significant influence or joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The executive directors are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
Walvax Biotechnology	Entity controlled by the shareholder of the Company
Yuxi Walvax	Entity controlled by the shareholder of the Company
Zhejiang Conba	Entity controlled by the shareholder of the Company
Shanghai Zerun Biotechnology Co., Ltd.	Entity controlled by the shareholder of the Company
ABS	Minority shareholder of ABT

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Purchase of rental services and utilities from				
– Yuxi Walvax	6,143	7,371	1,024	1,434
– ABS	–	146	–	146
Purchase of technical development services from				
– Walvax Biotechnology	945	–	–	–
Purchase of raw materials from				
– Shanghai Zerun Biotechnology Co., Ltd.	97	–	–	–
Purchase of research and development services from				
– ABS	–	1,410	–	2,206
	7,185	8,927	1,024	3,786

(b) Loans from related parties

Loans from Walvax Biotechnology

	Year ended 31 December		Three months ended 31 March	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Beginning of the year	31,900	–	–	–
Loans advanced	64,000	–	–	–
Loan repayments made	(95,900)	–	–	–
Interest charged	4,587	–	–	–
Interest paid	(4,587)	–	–	–
End of year	–	–	–	–

The loans from Walvax Biotechnology are unsecured, repayable on demand and carry interest at the fixed rate of 8% per annum for the years ended 31 December 2017 and 2018. The loans had been repaid in full as of 29 September 2018.

Loans from Zhejiang Conba

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Beginning of the year	–	–	–	–
Loans advanced	5,000	–	–	–
Loan repayments made	(5,000)	–	–	–
Interest charged	34	–	–	–
Interest paid	(34)	–	–	–
End of year	–	–	–	–

The loan from Zhejiang Conba is unsecured, repayable on demand and carry interest at the fixed rate of 8% per annum for the years ended 31 December 2018. The loan had been repaid in full on 3 August 2018.

Convertible loans from HHJH

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Beginning of the year	–	–	–	–
Convertible loans advanced *(Note 33(b))*	–	–	–	13,928
Loans converted into the equity securities	–	–	–	–
Interest cost charged	–	–	–	301
Exchange losses	–	–	–	242
End of year	–	–	–	14,471

(c) Balances with related parties

Balances with related parties as at 31 December 2018 and 2019 and 31 March 2020 were disclosed in Note 33.

(d) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services was shown below:

	Year ended 31 December		Three months ended 31 March	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, bonuses and other benefits	3,030	12,954	994	5,194
Share-based payment expenses	5,243	82,337	–	25,556
Social security costs and housing benefits	278	398	55	146
	8,551	95,689	1,049	30,896

38 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020, were set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking				
	Salaries	**Discretionary bonuses**	**Share-based payment expenses**	**Social security costs, housing benefits and other employee benefits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2018					
Name of directors					
Mr. Colm John O'Connell	–	–	–	–	–
Ms. Jennifer Ju Yun Neo	–	–	–	–	–
Ms. Li Yung KONG	–	–	–	–	–
Mr. Qingqing Yi	–	–	–	–	–
Mr. Yu Chen	–	–	–	–	–
Mr. Yong Chen	–	–	–	–	–
	–	–	–	–	–
For the year ended 31 December 2019					
Name of directors					
Mr. Qingqing Yi	–	–	–	–	–
Mr. Yu Chen	–	–	–	–	–
Mr. Yong Chen	–	–	–	–	–
Mr. Joe Xin Hua Zhou	1,672	693	13,551	7	15,923
Mr. Yunchun Li	–	–	–	–	–
Mr. Yuezhong Chen	–	–	–	–	–
Mr. Ruwei Wang	–	–	–	–	–
Mr. Ming Li	–	–	–	–	–
	1,672	693	13,551	7	15,923

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking				
	Salaries	Discretionary bonuses	Share-based payment expenses	Social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the three months ended 31 March 2020					
Name of directors					
Mr. Qingqing Yi	–	–	–	–	–
Mr. Yu Chen	–	–	–	–	–
Mr. Joe Xin Hua Zhou	693	173	8,901	2	9,769
Mr. Yunchun Li	–	–	–	–	–
Mr. Yuezhong Chen	–	–	–	–	–
Mr. Ruwei Wang	–	–	–	–	–
Mr. Ming Li	–	–	–	–	–
	693	173	8,901	2	9,769
(Unaudited) For the three months ended 31 March 2019					
Name of directors					
Mr. Qingqing Yi	–	–	–	–	–
Mr. Yu Chen	–	–	–	–	–
Mr. Yong Chen	–	–	–	–	–
	–	–	–	–	–

Mr. Colm John O'Connell was appointed as the director of the Company on 10 April 2017, resigned on 8 February 2018.

Ms. Jennifer Ju Yun Neo was appointed as the director of the Company on 8 February 2018, resigned on 4 June 2018.

Ms. Li Yung KONG was appointed as the director of the Company on 4 June 2018, resigned on 3 December 2018.

Mr. Qingqing Yi, Mr. Yu Chen and Mr. Yong Chen were appointed as the directors of the Company on 3 December 2018. Mr. Yong Chen resigned on 25 November 2019.

Mr. Joe Xinhua Zhou, Mr. Yunchun Li, Mr. Yuezhong Chen, Mr. Ruwei Wang and Mr. Ming Li were appointed as the directors of the Company on 25 November 2019.

No directors waived or agreed to waive any emoluments during the Track Record Period. No emoluments were paid to directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the years ended 31 December 2018 and 2019 and the three months ended 31 March 2019 and 2020.

39 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 March 2020, the following subsequent events took place:

(a) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

(b) On 26 May 2020, the Company conducted an increase and re-designation of its authorized share capital from USD10,000 divided into 1,000,000,000 ordinary shares of par value USD0.00001 each to USD20,000 divided into (i) 1,376,604,188 ordinary shares of par value USD0.00001 each, (ii) 477,819,181 series A preferred shares of par value USD0.00001 each (the "Series A Preferred Shares"), (iii) 145,576,631 series B preferred shares of par value USD0.00001 each (the "Series B Preferred Shares", collectively with the Series A Preferred Shares, the "Preferred Shares"). On the same date, 477,819,181 ordinary shares in total were reclassified into the Series A Preferred Shares, which provided a decrease on equity with approximately RMB3,474,648,000, an increase on loss with approximately RMB34,064,000 and an increase on financial liabilities at fair value through profit or loss with approximately RMB3,508,712,000.

On 18 May 2020, the Company entered into a shares subscription agreement with several subscribers, namely pre-IPO financing plan. Pursuant to this agreement, the Company agreed to allot and issue 145,576,631 Series B Preferred Shares to HHJH, Aranda Investments Pte Ltd, Honor Noble Holdings Limited, HaiTong XuYu International Limited, CPED Pharma Limited, NM Strategic Focus Fund II, L.P., Strategic China Healthcare Holdings Limited and Solshire International SPC. The total consideration of Series B Preferred Shares was USD160,000,000, out of which, USD17,492,041 was settled by convertible note hold by HHJH and remaining consideration was settled by cash. All of the Series B Preferred Shares were issued and recorded as financial liabilities at fair value through profit or loss on 26 and 27 May 2020.

(c) The Board of Directors of the Company approved Pre-IPO Share Option Plan ("2020 Employee Option Plan") on 16 April 2020, which has an amendment on the 2019 Employee Option Plan.

The Company entered into agreements with employees on 16 April 2020, 30 April 2020, 31 July 2020, and 31 August 2020, separately. Pursuant to which, the Company granted 41,909,907 share options with exercise price of USD0.0001, and 32,435,490 share options with exercise price of USD1.0000. The exercise prices would be adjusted in the event of a share transfer, share split or combination of shares (including a reverse share split), recapitalization, issuance or other change in the share capital structure of the Company, other than any alteration in the share capital structure of the Company. Under these agreements, the options are vested based on service condition or performance condition. The service condition is designed to acquire service from employees for a specified period, except for which, the performance condition also includes specified performance targets, such as the achievement of certain research and development programs and the achievement of financing target.

Under the 2020 Employee Option Plan, some employees signed new agreements in replace of the original agreements, which provided a modification on 2019 Employee Option Plan. The modification included three categories:

(i) the new agreements were signed with cash alternatives cancelled, the number of options increased from 1,606,630 to 1,727,131 and vested immediately at the modification date. This modification provided a decrease on liability with approximately RMB10,140,000, an increase on expenses with approximately RMB11,055,000 and an increase on reserve with RMB21,195,000 at the modification date.

(ii) the new agreements were signed with service condition cancelled and 12,766,853 share options vested in full immediately at the modification date. This modification provided an increase on expenses and reserve with approximately RMB63,571,000 at the modification date.

(iii) the new agreements were signed with the number of options increased from 300,000 to 1,100,000 and performance condition changed. This modification increased the total fair value of the arrangements, which would be accounted as a beneficial modification. The fair value of the options increased from approximately RMB1,369,000 to RMB5,267,000, and the incremental fair value would be recorded in the revised vesting period.

40 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020.

41 CONTINGENCIES

As at 31 December 2018 and 2019 and 31 March 2020, there were no significant contingencies items for the Group and the Company.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2020.

The information set forth in this appendix II does not form part of the "Accountant's Report" received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the sections headed "Financial Information" and the "Appendix I – Accountant's Report".

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited pro forma adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 March 2020 and based on the consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020 as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 March 2020 or at any future date.

	Audited consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets per share**	
	Note 1	*Note 2*		*Note 3*	*Note 4*
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$20.30 per share	53,933	2,012,243	2,066,176	5.18	5.87
Based on the Offer Price of HK$24.00 per share	53,933	2,387,954	2,441,887	6.12	6.94

Notes:

(1) The audited consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020 is extracted from the Accountant's Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net assets attributable to the owners of the Company as at 31 March 2020 of RMB139,859,000 with an adjustment for the intangible assets attributable to the owners of the Company as at 31 March 2020 of RMB85,926,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$20.30 and HK$24.00 per share after deduction of the estimated underwriting fees and other related expenses payable by the Company, and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note 2 above and on the basis that 398,851,587 shares are in issue (excluding the ordinary shares and Series B Preferred Shares issued after 31 March 2020 as described in note (5) below), assuming the Global Offering had been completed on 31 March 2020 but takes no account of any shares which may fall to be issued upon the exercise of the Over-Allotment Option.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.8824. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2020. Among others the following shares issuance have not been taken into account for the purpose this unaudited pro forma financial information:

   (a) 1,500,000 new ordinary shares as adjusted by share consolidation occurred on 3 September 2020 issued pursuant to the shares subscription agreements dated 11 May 2020;

   (b) 72,788,313 Series B Preferred Shares as adjusted by share consolidation occurred on 3 September 2020 issued pursuant to the shares subscription agreement dated 18 May 2020;

   (c) 6,383,426 new ordinary shares as adjusted by share consolidation occurred on 3 September 2020 issued pursuant to the cancellation of service condition and full vest of an employee share option plan;

   (d) 1,000,000 new ordinary shares as adjusted by share consolidation occurred on 3 September 2020 issued pursuant to the share option plan;

   (e) 568,182 new ordinary shares as adjusted by share consolidation occurred on 3 September 2020 issued pursuant to the ABT Subscription and Stock Purchase Agreement.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of JHBP (CY) Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of JHBP (CY) Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2020, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 23 September 2020, in connection with the proposed initial public offering of the shares of the Company, (the "Prospectus"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 March 2020 as if the proposed initial public offering had taken place at 31 March 2020. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 March 2020, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 March 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors

in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 23 September 2020

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 18 September 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on 18 September 2020 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$20,000 divided into 1,000,000,000 shares of US$0.00002 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 10 April 2017 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 "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability. Our registered office address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III.

Our registered place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 September 2020 with the Registrar of Companies in Hong Kong. Ms. SIU Wing Kit and Ms. HO Siu Pik have been appointed as the authorised representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

As at the date of this prospectus, our Company's head office was located at Building 3, 1690 Zhangheng Road, Pudong New District, Shanghai 201203, China.

2. Changes in share capital of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 April 2017, with an authorised share capital of US$10,000 divided into 10,000,000 ordinary shares, each with a par value of US$0.001 as of the date of incorporation.

The following sets out the changes in the Company's issued share capital during the two years immediately preceding the date of this prospectus:

(a) On 3 December 2018:

(i) our Company conducted a share subdivision such that the authorised share capital of the Company was re-designated to US$10,000 divided into 1,000,000,000 ordinary shares, each with a par value of US$0.00001. See the section headed "History, Development and Corporate Structure" for further details.

(ii) the one ordinary share held by HHJH Holdings Limited was cancelled due to the share subdivision, and 100 ordinary shares were issued to HHJH Holdings Limited.

(iii) The Company issued shares in the following manner:

(1) 185,487,301 ordinary shares to HHJH Holdings Limited;

(2) 2,500,000 ordinary shares to Fortune Creation Ventures Limited;

(3) 7,500,000 ordinary shares to BioTrack Capital Fund I, LP;

(4) 6,621,820 ordinary shares to Qiming Venture Partners VI, L.P.;

(5) 178,180 ordinary shares to Qiming Managing Directors Fund VI, L.P.;

(6) 3,000,000 ordinary shares to Photons Group Limited;

(7) 3,400,000 ordinary shares to Twin Eagle Venture Limited; and

(8) 3,400,000 ordinary shares to AquaStar Investment Limited.

(b) On 26 August 2019, the Company issued 4,411,765 ordinary shares to Shanghai Qierui Enterprise Management Partnership (Limited Partnership).

(c) On 27 August 2019, the Company issued 75,121,996 ordinary shares to Walga Biotechnology Limited.

(d) On 5 September 2019, the Company issued 50,000,000 ordinary shares to Shanghai Changnuo Enterprise Management Partnership (Limited Partnership).

(e) On 23 September 2019, the Company issued 23,782,662 ordinary shares to Shanghai Yanghuan Enterprise Management Partnership (Limited Partnership).

(f) On 24 October 2019, the Company issued shares in the following manner:

(i) 3,000,000 ordinary shares to Twin Eagle Venture Limited;

(ii) 3,000,000 ordinary shares to AquaStar Investment Limited; and

(iii) 6,000,000 ordinary shares to Yingke Innovation Fund LP.

(g) On 25 October 2019, the Company issued 3,500,000 ordinary shares to HM Healthcare Management Services, Ltd..

(h) On 28 October 2019, the Company issued 3,000,000 ordinary shares to Tiger Jade Investment I Company Limited.

(i) On 31 October 2019, the Company issued shares in the following manner:

(i) 51,470,590 ordinary shares to Kang Jia Medical Technology Limited; and

(ii) 88,622,121 ordinary shares to Kanghe Medical Technology Limited.

(j) On 12 November 2019, the Company issued 4,000,000 ordinary shares to TG River Investment Ltd..

(k) On 27 December 2019, the Company issued 11,944,542 ordinary shares to HHJH Holdings Limited.

(l) On 30 December 2019, the Company issued 8,000,000 ordinary shares to Watchmen Alpha Limited.

(m) On 31 December 2019, the Company issued 5,000,000 ordinary shares to Yingke Innovation Fund LP.

(n) On 6 January 2020, the Company issued 5,000,000 ordinary shares to Hongkong Tigermed Co., Limited.

(o) On 30 April 2020, the Company issued shares in the following manner:

(i) 11,338,235 ordinary shares to J&Z Biologicals Limited; and

(ii) 1,428,618 ordinary shares to Great JH Bio LP.

(p) On 11 May 2020, the Company issued 3,000,000 ordinary shares to Yaly Capital Biotech Investment 1 Limited.

(q) On 26 May 2020, the authorised share capital of the Company was re-designated from US$10,000 divided into 1,000,000,000 ordinary shares with a par value of US$0.00001 each to US$20,000 divided into (i) 1,376,604,188 ordinary shares of par value US$0.00001 each, (ii) 477,819,181 Series A Preferred Shares of par value US$0.00001 each, and (iii) 145,576,631 Series B Preferred Shares of par value US$0.00001 each. See the section headed "History, Development and Corporate Structure" for further details.

(r) On 26 May 2020, as a result of the re-designation, all ordinary shares held by the shareholders set out below were repurchased and cancelled and the Company issued shares in the following manner:

(i) 197,432,043 Series A Preferred Shares to HHJH Holdings Limited;

(ii) 2,500,000 Series A Preferred Shares to Fortune Creation Ventures Limited;

(iii) 7,500,000 Series A Preferred Shares to BioTrack Capital Fund I, LP;

(iv) 6,621,820 Series A Preferred Shares to Qiming Venture Partners VI, L.P.;

(v) 178,180 Series A Preferred Shares to Qiming Managing Directors Fund VI, L.P.;

(vi) 3,000,000 Series A Preferred Shares to Photons Group Limited;

(vii) 6,400,000 Series A Preferred Shares to Twin Eagle Venture Limited;

(viii) 6,400,000 Series A Preferred Shares to AquaStar Investment Limited;

(ix) 26,983,924 Series A Preferred Shares to Kang Jia Medical Technology Limited;

(x) 88,622,121 Series A Preferred Shares to Kanghe Medical Technology Limited;

(xi) 23,782,662 Series A Preferred Shares to Shanghai Yanghuan Enterprise Management Partnership (Limited Partnership);

(xii) 50,000,000 Series A Preferred Shares to Shanghai Changnuo Enterprise Management Partnership (Limited Partnership);

(xiii) 4,411,765 Series A Preferred Shares to Shanghai Qierui Enterprise Management Partnership (Limited Partnership);

(xiv) 3,500,000 Series A Preferred Shares to HM Healthcare Management Services, Ltd.;

(xv) 4,000,000 Series A Preferred Shares to TG River Investment Ltd.;

(xvi) 3,000,000 Series A Preferred Shares to Tiger Jade Investment I Company Limited;

(xvii) 11,000,000 Series A Preferred Shares to Yingke Innovation Fund LP;

(xviii) 5,000,000 Series A Preferred Shares to Hongkong Tigermed Co., Limited;

(xix) 9,357,466 Series A Preferred Shares to True Magic Investments Limited;

(xx) 5,500,000 Series A Preferred Shares to Puhua Capital Ltd;

(xxi) 7,077,200 Series A Preferred Shares to Shanghai Yuyi Enterprise Management Partnership (Limited Partnership);

(xxii) 2,552,000 Series A Preferred Shares to Long Fast Limited; and

(xxiii) 3,000,000 Series A Preferred Shares to Yaly Capital Biotech Investment 1 Limited.

(s) On 26 May 2020, the Company issued shares in the following manner:

(i) 55,046,164 Series B Preferred Shares to to HHJH Holdings Limited;

(ii) 45,492,697 Series B Preferred Shares to Aranda Investments Pte Ltd;

(iii) 18,197,079 Series B Preferred Shares to HaiTong XuYu International Limited;

(iv) 10,235,857 Series B Preferred Shares to CPED Pharma Limited;

(v) 3,639,416 Series B Preferred Shares to NM Strategic Focus Fund II, L.P.;

(vi) 1,137,317 Series B Preferred Shares to Strategic China Healthcare Holdings Limited; and

(vii) 2,729,562 Series B Preferred Shares to Solshire International SPC.

(t) On 27 May 2020, the Company issued 9,098,539 Series B Preferred Shares to Honor Noble Holdings Limited.

(u) On 31 July 2020, the Company issued 2,000,000 ordinary shares to Watchmen Alpha Limited.

(v) On 3 September 2020, the Company conducted a share consolidation to consolidate every two (2) shares with a par value of US$0.00001 each in the Company's issued and unissued share capital into one (1) share with a par value of US$0.00002, such that the authorised share capital of the Company was re-designated to US20,000.00 divided into 1,000,000,000 shares of par value of US$0.00002 each, consisting of (i) 688,302,094 ordinary shares of a par value of US$0.00002 each, (ii) 238,909,590.5 Series A Preferred Shares of a par value of US$0.00002 each and (iii) 72,788,315.5 Series B Preferred Shares of a par value of US$0.00002 each. See the section headed "History, Development and Corporate Structure – Share Consolidation" for further details.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1.2 to the Accountant's Report as set out in Appendix I.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

Genor Biopharma

On 9 August 2018, the registered capital of Genor Biopharma was increased from RMB436,360,917 to RMB488,442,704.

On 16 November 2018, the registered capital of Genor Biopharma was increased from RMB488,442,704 to RMB529,263,564.

On 9 April 2020, the registered capital of Genor Biopharma was increased from RMB529,263,564 to RMB556,852,835.

Yuxi Genor

On 16 April 2020, the registered capital of Yuxi Genor was increased from RMB70,000,000 to RMB400,000,000.

Save for the subsidiaries mentioned in the Accountant's Report set out in Appendix I, our Company has no other subsidiaries.

4. Resolutions of the Shareholders of Our Company dated 18 September 2020

Written resolutions of our Shareholders were passed on 18 September 2020, pursuant to which, among others:

(a) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and (iv) the Underwriting Agreements having been duly executed by the Underwriters and the Company:

(1) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorised to determine the Offer Price for, and to allot and issue the Offer Shares;

(2) a general unconditional 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 the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted under the Share Option Plans or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Share Option Plans;

(3) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase 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, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Share Option Plans; and

(4) the general unconditional mandate as mentioned in paragraph (3) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (4) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Share Option Plans); and

(b) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the Listing.

Each of the general mandates referred to in paragraphs (a)(2), (a)(3) and (a)(4) 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 of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

5. Repurchase of Our Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised 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 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 18 September 2020, the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option and any Shares to be allotted and issued upon the exercise of the options which has been granted under the Share Option Plans), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the 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 authorised by the Articles of Association 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 authorised by the Articles of Association 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 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 cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the 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 authorised share capital under Cayman Islands law.

(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 and/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 of Association 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. As a matter of Cayman law, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Law.

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 the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 481,091,508 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon the exercise of the options which has been granted under the Share Option Plans, could accordingly result in up to approximately 48,109,150 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 when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their 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 given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, HHJH Holdings Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which HHJH Holdings Limited had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$35,000,000;

(b) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, OrbiMed Partners Master Fund Limited, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which OrbiMed Partners Master Fund Limited, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P. had agreed to, among other things, subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000;

(c) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Hong Kong Tigermed Healthcare Technology Co., Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Hong Kong Tigermed Healthcare Technology Co., Limited had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$22,000,000;

(d) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Aranda Investments Pte. Ltd., Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Aranda Investments Pte. Ltd. had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$20,000,000;

(e) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Pacific Asset Management Co. Limited (太平洋资产管理有限责任公司), Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Pacific Asset Management Co. Limited (太平洋资产管理有限责任公司) had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$20,000,000;

(f) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Matrix Partners China VI, L.P., Matrix Partners China VI-A, L.P., Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Matrix Partners China VI, L.P. and Matrix Partners China VI-A, L.P. had agreed to, among other things, subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(g) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Logos Global Master Fund LP, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Logos Global Master Fund LP had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$10,000,000;

(h) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, PA Investment Funds SPC for the account and on behalf of PA Special Opportunities Fund II SP, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which PA Investment Funds SPC for the account and on behalf of PA Special Opportunities Fund II SP had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of HK$77,503,000;

(i) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Tudor Systematic Tactical Trading L.P., Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Tudor Systematic Tactical Trading L.P. had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$10,000,000;

(j) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, 3W Fund Management Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which 3W Fund Management Limited had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$5,000,000;

(k) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, Athos Asia Event Driven Master Fund, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which Athos Asia Event Driven Master Fund had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$5,000,000;

(l) a cornerstone investment agreement dated 22 September 2020 entered into between the Company, YF Life Insurance International Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, and Jefferies Hong Kong Limited, pursuant to which YF Life Insurance International Limited had agreed to, among other things, subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$5,000,000; and

(m) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Patents

For a discussion of the details of the material filed patent applications by the Company as at the Latest Practicable Date in connection with our clinical and pre-clinical products, please refer to the section headed "Business – Intellectual Property".

(b) Trademarks

(i) Registered trademarks

As at the Latest Practicable Date, we had registered the following trademarks that we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date (MM/DD/YYYY)
1.	嘉和	Genor Biopharma	China	40	7354095	10/20/2020
				42	7354094	9/13/2023
2.	Genor	Genor Biopharma	China	5	7423522	10/13/2020
				39	7423521	11/27/2021
				40	7423520	10/27/2020
				44	7423518	11/6/2020
3.	GENOR	Genor Biopharma	Singapore	5, 39, 40, 42, 44	T0906756J	6/18/2029
4.	GENOR	Genor Biopharma	U.S.	42	77/796, 294	8/26/2024
5.	GENOR	Genor Biopharma	Canada	5, 39, 40, 42, 44	1, 444, 812	2/27/2028
6.	GENOR	Genor Biopharma	Japan	5, 39, 40, 42, 44	5390404	2/10/2021
7.	GENOR	Genor Biopharma	European Union (including Germany, United Kingdom, France, Finland, Italy, Holland, Belgium, Denmark, Sweden)	5, 39, 40, 42, 44	8383325	6/22/2029

Note:

(ii) Pending trademarks

As at the Latest Practicable Date, we had applied for the registration of the following trademarks that we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of application	Class	Registered Number	Application Date (MM/DD/YYYY)
1.	嘉和	Genor Biopharma	China	44	43504509	12/31/2019
2.		Genor Biopharma	China	35	42335467	11/14/2019
3.		Genor Biopharma	China	35	42334060	11/14/2019
4.		Genor Biopharma	China	5 35	42322754 42342877	11/14/2019 11/14/2019
5.		Company	Hong Kong	5, 35, 40, 42, 44	305248765	4/16/2020
6.		Company	Hong Kong	5, 35, 40, 42, 44	305248756	4/16/2020
7.	嘉和生物药业有限公司	Company	Hong Kong	5, 35, 40, 42, 44	305248747	4/16/2020
8.	Genor Biopharma Co., Ltd.	Company	Hong Kong	5, 35, 40, 42, 44	305248738	4/16/2020

(c) Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner
1.	genorbio.com	Genor Biopharma

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

(a) Executive Directors

Each of our Executive Directors has entered into a service contract with our Company on 17 September 2020. The initial term of his service contract shall commence from the date of his appointment and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association) 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. Under these service contracts, each of our executive Directors are not entitled to any director's fee.

(b) Non-executive Directors and independent non-executive Directors

Each of the non-executive Directors has entered into an appointment letter with our Company on 17 September 2020. The initial term for their appointment letters shall commence from the date of their appointments and shall continue for three years after or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) 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. Under these appointment letters, our non-executive Directors are not entitled to any remuneration and benefits as the non-executive Directors of the Company.

Each of the independent non-executive Directors has entered into an appointment letter with our Company on 17 September 2020. The initial term for their appointment letters shall be three years from the date of this prospectus or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) 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. Under these appointment letters, our independent non-executive Directors are not entitled to any remuneration and benefits.

2. Remuneration of Directors

(a) Remuneration and benefits in kind of nil, approximately RMB15.9 million and approximately RMB9.8 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended 31 December 2018 and 2019 and the three months ended 31 March 2020, respectively.

(b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending 31 December 2020, is expected to be approximately RMB110.2 million in aggregate (excluding discretionary bonus).

(c) None of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) Interests and short positions of our Directors in the share capital of our Company following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) 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/or short positions (as applicable) 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) Interest in Shares

Name of director or chief executive	Nature of interest	Number and class of securities	Approximate percentage of interest in our Company immediately after the Global Offering[1]
ZHOU Joe Xin Hua	Interest in controlled corporation	5,669,117[2]	1.18%
GUO Feng	Beneficial interest	12,738,108[3]	2.65%

Notes:

(1) The calculation is based on the total number of 481,091,508 Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Option Plans).

(2) These Shares are held by J&Z Biologicals Limited, which is entirely held through a trust with Trident Trust Company (HK) Limited as the trustee, established by Dr. Zhou as the settlor for the benefit of him and his family.

(3) These Shares represent Dr. Guo's entitlement to receive up to 12,738,108 Shares pursuant to the exercise of options held by MaplesFS (BVI) Limited under the Pre-IPO Share Option Scheme, subject to the conditions of these options. MaplesFS (BVI) Limited holds 28,915,491 options on behalf of AKQM Partner Trust, and Dr. GUO Feng is beneficially interested in 12,738,108 of these options.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Global Offering and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Plans, 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 Group, please see the section headed "Substantial Shareholders".

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Plans, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such Capital.

4. Disclaimers

Save as disclosed in this prospectus:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(b) none of the Directors or the experts named in the section headed "E. Other Information – 4. Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this prospectus;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(e) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the exercise of the options granted under the Share Option Plans, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and

(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 listed thereon.

D. SHARE OPTION SCHEMES

1. Pre-IPO Share Option Plan

Summary

The following is a summary of the principal terms of the Pre-IPO Share Option Plan of the Company as adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020. The Pre-IPO Share Option Plan is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Plan as it does not involve the grant by our Company of options to subscribe for Shares after the Listing.

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix IA to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See the paragraph headed "Waiver and Exemption in relation to the Pre-IPO Share Option Plan" in the section headed "Waivers from Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for more information.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Pre-IPO Share Option Scheme.

(a) Purpose

The purpose of the Pre-IPO Share Option Plan is to advance the interests of the Company by providing for the grant to participants of the options, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO Share Option Plan, which will be in the form of options, will enable the Company to recruit, incentivize and retain key employees.

(b) Administration

The Pre-IPO Share Option Plan is administered by the compensation committee of the Board or its delegate(s) (the "**Administrator**" of the Pre-IPO Share Option Plan).

The Administrator has discretionary authority to:

(i) approve, interpret, amend, suspend or terminate the Pre-IPO Share Option Plan at any time and for any reason;

(ii) determine eligibility for and grant options;

(iii) determine, modify or waive the terms and conditions of any option;

(iv) determine how options will be settled;

(v) prescribe forms, rules and procedures relating to the Pre-IPO Share Option Plan; and

(vi) otherwise do all things necessary or appropriate to carry out the purposes of the Pre-IPO Share Option Plan.

Decisions made by the Administrator under the Pre-IPO Share Option Plan will be conclusive and will bind all parties.

(c) Maximum number of Shares

The overall limit on the number of underlying Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 58,573,872 Shares (the "**Scheme Limit**").

Shares delivered under the Pre-IPO Share Option Plan will be fully paid upon exercise of the option, and will rank equally in all respects with the Shares in issue on the date of allotment and issuance of such Shares. No fractional Shares will be delivered under the Pre-IPO Share Option Plan.

(d) Who may join

The compensation committee of the Board, or its delegates, will select participants from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator (each an "**Eligible Person**") to participate in the Pre-IPO Share Option Plan.

Eligible Persons will become participants with the approval of the compensation committee of the Board and upon entering into a written agreement with the Company in respect of the grant of an option under the Pre-IPO Share Option Plan (a "**Grant Agreement**").

Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or

composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract, provided that a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

(e) Term of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan shall terminate (i) pursuant to the terms summarised in the section headed "Amendment, Termination and Cancellation of the Pre-IPO Share Option Plan" below or (ii) on the tenth anniversary of the effective date of the plan, whichever is earlier.

No options may be granted after the Latest Practicable Date or termination of the plan (whichever is earlier) but, each option outstanding as at such termination shall continue to be administered and remain exercisable in accordance with the Pre-IPO Share Option Plan and the relevant Grant Agreement.

Amendment, Termination and Cancellation of the Pre-IPO Share Option Plan

The Administrator may, at any time, amend the Pre-IPO Share Option Plan or the terms in respect of any outstanding option for any purpose which may at the time be permitted by applicable laws, and may, at any time, terminate the Pre-IPO Share Option Plan as to any future grants of options.

In furtherance of the foregoing, the Administrator may, without approval of the Shareholders, amend any outstanding option to provide an exercise price per share that is lower than the then-current exercise price of such outstanding option (but not lower than the exercise price at which a new option of the same type could be granted on the date of such amendment or the par value of the relevant shares).

The Administrator may also, without approval of the Shareholders, cancel any outstanding option (whether or not granted under the Pre-IPO Share Option Plan) and grant in substitution therefor new options under the Pre-IPO Share Option Plan covering the same or a different number of Shares, including, in the case of an option, a new option having an exercise price per share that is lower than the then-current exercise price per share of such outstanding option (but not lower than the exercise price at which a new option of the same type could be granted on the date of such amendment or the par value of the relevant shares).

Any amendments to the Pre-IPO Share Option Plan will be conditional upon approval of the Company's shareholders only to the extent, if any, such approval is required by the applicable laws (including but not limited to the Listing Rules) and/or the memorandum and articles of association of the Company.

(f) Rules Applicable to options

For the purposes of this summary of the principal terms of the Pre-IPO Share Option Plan, an option refers to an option entitling the relevant participant to acquire Shares upon payment of the exercise price as set out in the Grant Agreement.

Option Provisions

The Administrator will determine the terms of the grant of all options, subject to the limitations provided in the rules of the Pre-IPO Share Option Plan. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) the grant of an option, the participant shall be deemed to have agreed to the terms of the Grant Agreement with respect to the option and the Pre-IPO Share Option Plan. In order to assure the viability of options granted to the participants employed in various jurisdictions, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the applicable laws, tax policy, or custom applicable in the jurisdiction in which each of the participants resides or is employed.

Exercise Price

The exercise price of each option will be determined by the Administrator. options, once granted, may be repriced only in accordance with the applicable requirements of the Pre-IPO Share Option Plan and the Grant Agreement.

Vesting

The Administrator may determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable.

Maximum Term

Each option will have a maximum term not exceeding the tenth anniversary from the date of grant.

Time and Manner of Exercise

Any vested part of an option shall be eligible to be exercised only after the completion of the Global Offering, except as otherwise agreed and set forth in the Grant Agreement.

Any exercise of an option shall be at all times subject to the terms and provisions of the Grant Agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

Unless the Administrator expressly provides otherwise, no option will be deemed to have been exercised until the Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Administrator) by the appropriate person and accompanied by any payment required under the option.

An option exercised by any person other than the participant will not be deemed to have been exercised until the Administrator approves such exercise and has received such evidence as it may require that the person exercising the option has the right to do so. The vested option may be exercised by the participant, taking into account the stipulations laid down in his or her individual Grant Agreement.

Upon the request by the participant, the Company may issue Shares in respect of which the notice is given to a third party to hold on trust for the participant on the condition that the participant provides evidence satisfactory to the Administrator that the third party will comply with the conditions of the Pre-IPO Share Option Plan and the relevant Grant Agreement.

Payment of Exercise Price

Where the exercise of an option is to be accompanied by payment, payment of the exercise price shall be by cash or check in a currency acceptable to the Administrator, or, by such other legally permissible means, if any, as may be acceptable to the Administrator if so permitted by the Administrator, in each case, in accordance with the applicable laws.

A participant may be required to provide evidence that any currency used to pay the exercise price of any Option were acquired and taken out of the jurisdiction in which the participant resides in accordance with the applicable laws. In the event the exercise price for an Option is paid in Chinese Renminbi or other foreign currency, as permitted by the Administrator and to the extent permitted under the applicable laws, the amount payable will be determined by conversion from U.S. dollars or Hong Kong Dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Administrator on the date of exercise.

Cumulative Exercisability

To the extent that the option is vested and exercisable, subject to the conditions of the Pre-IPO Share Option Plan and the relevant Grant Agreement, the participant has the right to exercise the option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the option.

Transferability

Unless otherwise approved by the Administrator, an option shall be personal to the participant and shall not be assignable and no participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do, except as provided in the Pre-IPO Share Option Plan.

In the event that the Administrator approves an assignment of any option to a third party, the relevant participant undertakes to the Company that he/she shall comply, and shall procure such third party to comply, with the conditions of the plan and the relevant Grant Agreement.

Notwithstanding the foregoing, in the event of the participant ceasing to be an employee by reason of his/her death, disability or for any other reason that the Administrator considers valid, before exercising the option in full, the participant's vested option may be assigned to its representative. The executor or administrator of a deceased participant, the guardian of an incompetent participant shall be the only person recognized by the Company as the representative to be assigned with the option. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased participant or of the appointment of a guardian of an incompetent participant may be accepted by the Company even if the deceased, or incompetent is domiciled outside the Cayman Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor is issued by a foreign court which had competent jurisdiction in the matter. Any permitted assignment of options shall only be made in a manner that is not prohibited by applicable laws.

Voting Right

The Shares acquired through exercise of the options shall carry voting rights. The participant undertakes that, if requested by the Administrator as a condition to exercising any options granted pursuant to the terms and conditions of the Grant Agreement, the participant shall deliver to the Company a voting proxy form (the form of which shall be agreed and approved by the Administrator) executed by the participant appointing a Person designated by the Administrator, as his/her proxy, at a general meeting.

Fair Market Value

In determining the fair market value of any options, the Administrator shall make the determination in good faith consistent with the applicable laws. Before the completion of the Global Offering, the fair market value for any Shares shall be determined by such methods or procedures established in good faith from time to time by the Administrator

in accordance with applicable laws. After the completion of the Global Offering, the fair market value for any Shares will be determined by the market price traded with reference to the rules set out by the stock exchange on which the Shares are listed subject to the applicable laws.

Taxes

The delivery, vesting and retention of Shares, cash or other property under the Pre-IPO Share Option Plan are conditioned upon full satisfaction by the participant of all tax withholding requirements under the applicable laws with respect to the option. The Administrator will prescribe such rules for the withholding of taxes as it deems necessary. The Administrator may, but need not, hold back Shares upon the exercise of an Option or permit a participant to tender his or her Shares in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by the applicable laws).

Additional Restrictions

The Administrator may cancel, rescind, withhold, otherwise limit, or restrict or vary the terms of the grant of, any option at any time if the participant is not in compliance with all applicable provisions of the Grant Agreement and the Pre-IPO Share Option Plan, or if the participant breaches any agreement with the Company or any of its affiliates, including without limitation, any agreement with respect to non-competition, non-solicitation or confidentiality.

(g) Effect of certain transactions

In this section (including the sections headed "Change in control prior to the Global Offering" and "Certain events after the Global Offering"), references to Shares should be construed to include any shares or securities resulting from an adjustment pursuant to the transactions set out in this section.

In the event of a share transfer, share split or combination of shares (including a reverse share split), recapitalization, issuance or other change in the share capital structure of the Company, other than any alteration in the share capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Administrator shall make appropriate adjustments to the Scheme Limit and shall also make appropriate adjustments to the number and kind of shares or securities subject to options then outstanding or subsequently granted, any exercise prices relating to options then outstanding and any other provision in respect of options affected by such change.

The Administrator may also make adjustments of the type described above to take into account distributions to shareholders of the Company other than those described above, or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Pre-IPO Share Option Plan.

Change in control prior to the Global Offering

For the purpose of the Pre-IPO Share Option Plan, a Company Change in Control means any of the following transactions:

(a) an amalgamation, merger, arrangement or consolidation or scheme of arrangement (1) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (2) following which the holders of the voting securities of the Company do not continue to hold more than fifty percent (50%) of the total combined voting power of the outstanding securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (1) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (2) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such transaction, but excluding any transactions or series of related transactions that the Administrator determines shall not be a "Company Change in Control;" or acquisition in a single or series of related transactions by any person or related group of persons (other than by the Company, an affiliate or a Company-sponsored employee benefit plan) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a "Company Change in Control."

In the event of a Company Change in Control prior to the completion of the Global Offering, all options outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Administrator in its capacity, with such determination having final and binding effect on all parties), which agreement or determination need not treat all options in an identical manner. The treatment specified in the transaction agreement may include (without limitation) one or more of the following with respect to each outstanding options determined solely by the Administrator:

(a) The continuation of such outstanding options by the Company (if the Company is the surviving corporation).

(b) The assumption of such outstanding options by the surviving corporation or its parent in a manner that complies with applicable foreign exchange and tax requirements.

(c) The substitution by the surviving corporation or its parent of new options or awards for such outstanding options in a manner that complies with applicable foreign exchange and tax requirements.

(d) The cancellation of such outstanding options and a payment to the participant equal to the excess of (A) the fair market value of the Shares subject to such awards as of the closing date of such transaction over (B) their exercise price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a fair market value equal to the required amount.

For the avoidance of doubt, the Administrator has discretion to accelerate, in whole or part, the vesting and exercisability of an Option in connection with a Company Change in Control covered by this section.

Certain events after the Global Offering

General or partial offer

After the completion of the Global Offering, in the event that a general or partial offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) is made to all holders of Shares (other than the offeror and/or any person controlled by the offeror and/or any party acting in concert (having the meaning ascribed to it under The Codes on Takeovers and Mergers and Share Buy-backs) with the offeror) to acquire all or part of the issued Shares and such offer, having been approved in accordance with the applicable laws and other applicable regulatory requirements, becomes or is declared unconditional (within the meaning of the Takeovers Code), all options (to the extent exercisable as at the date on which the offer becomes or

is declared unconditional and not exercised and to the extent unvested (which shall become vested forthwith)) shall be exercised to their full extent within fourteen (14) calendar days after the date on which such offer becomes or is declared unconditional.

Scheme for reconstruction of the Company or amalgamation with any other company or companies

After the completion of the Global Offering and pursuant to the applicable laws, in the event that a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the participants (together with a notice of the existence of these relevant provisions pursuant to the Pre-IPO Share Option Plan) on the same day as it despatches to members and/or creditors of the Company a notice convening the meeting to consider such a compromise or arrangement, and thereupon all unvested options shall vest immediately, and each participant shall, by notice in writing to the Company, exercise all or any of his options in whole or in part (to the extent exercisable as of the date of the notice from the Company and not exercised).

Such exercise notice shall be received by the Company not later than two business days prior to the proposed meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement if there are more than one meeting for such purpose, the date of the first meeting and accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given. With effect from the date of such meeting, the rights of all participants to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determined.

The Administrator shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the participants to exercise their respective options (to the extent not already exercised) shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any participant as a result of the aforesaid suspension.

Winding-up of the Company

After the completion of the Global Offering, in the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each holder of the Shares or as soon as practicable thereafter, give notice thereof to all participants (together with a notice of the existence of these relevant provisions pursuant to the Pre-IPO Share Option Plan).

Thereupon all unvested options shall vest immediately, and each participant shall exercise all or any of his outstanding options (to the extent exercisable as of the date of the notice from the Company and not exercised) by giving notice in writing to the Company no later than two (2) business days prior to the proposed general meeting of the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the participant credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

(h) Legal conditions on delivery of shares or cash

The Company will not be obligated to deliver, issue or transfer any Shares pursuant to the Pre-IPO Share Option Plan or remove any restriction from Shares delivered under the Pre-IPO Share Option Plan or deliver payment in cash in respect of any Option until:

(a) the Company is satisfied that all legal matters and government approvals in connection with the issuance and delivery of such shares or cash have been addressed and resolved;

(b) if the outstanding Shares are, at the time of delivery, issuance or transfer listed on any share exchange or national market system, the Shares to be delivered, issued or transferred have been listed or authorized to be listed on such exchange or system upon official notice of issuance;

(c) the passing of a resolution by the Administrator to grant options under the Pre-IPO Share Option Plan and the Company to allot and issue Shares pursuant to the exercise of any options; and

(d) all conditions of the options have been satisfied or waived.

If the sale of Shares has not been registered under any applicable laws in any applicable jurisdiction, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of any applicable laws. Any Shares required to be issued or transferred to the participants under the Pre-IPO Share Option Plan shall be issued or transferred, subject to the memorandum and articles of association of the Company and the applicable laws, in such manner as the Administrator may deem appropriate.

Outstanding options granted

The overall limit on the number of underlying Shares pursuant to the Pre-IPO Share Option Plan is 58,573,872 Shares. The number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Plan amounts to 45,617,544 Shares (taking into account the effect of the Share Consolidation), representing approximately 9.48% of the issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Plan are not exercised). As at the Latest Practicable Date, we have conditionally granted options to 194 participants under the Pre-IPO Share Option Plan. All the options under the Pre-IPO Share Option Plan were granted between 31 August 2019 and 31 August 2020 (both days inclusive) and the Company will not grant further options under the Pre-IPO Share Option Plan after the Listing. The exercise price of the options granted under the Pre-IPO Share Option Plan is US$0.0002 or US$2 (taking into account the effect of the Share Consolidation).

(a) Directors and senior management of the Group and grantees who are beneficially interested in 500,000 options or above

As of the Latest Practicable Date, 8 of our Directors and senior management of the Company and 4 other grantees (see details below) had been granted options under the Pre-IPO Share Option Plan to subscribe for a total of 29,415,488 Shares, representing approximately 6.11% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Plan are not exercised), at nil consideration. The options granted to certain of our Directors and members of senior management are held in a trust together with options granted to other grantees who are not directors or members of senior management of the Company.

Below are the details of options granted to our Directors and senior management and grantees that are beneficially interested in 500,000 options or above under the Pre-IPO Share Option Plan which are outstanding:

Name of grantee	Role	Address	Exercise price	Number of Shares under the Pre-IPO Share Option Plan outstanding	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering[1]
1. KAN Steven Ziyi	Chief Technology officer	Room 34D, Building 3 Chengjia Apartments, 333 Cailun Road, Pudong New District, Shanghai, PRC	US$2.0	500,000	18 December 2019	10 years	0.10%
2. MaplesFS (BVI) Limited on behalf of AKQM Partner Trust[2]		Kingston Chambers, P.O. Box 173, Road Town, Tortola, VG1110, British Virgin Islands	US$0.0002 or US$2	20,765,488 500,000 6,450,000 1,200,000	28 April 2020 15 May 2020 31 July 2020 14 August 2020	10 years	6.01%[3]
(a) Dr. GUO Feng	Executive Director and Chief Executive Officer	Unit 209, Yujing Huayuan 7 Yuyang Road Houshayu Shunyi District Beijing 10133 China	US$0.0002 or US$2	12,738,108	16 April 2020 and 30 April 2020	10 years	2.65%
(b) Ms. CHEN Yao	Vice President of Regulatory Affairs	No. 201, Building 1, No. 29, Xiaoying North Road, Chaoyang District, Beijing, PRC	US$0.0002 or US$2	986,764	16 September 2019 and 16 April 2020	10 years	0.21%
(c) Ms. CHENG Huiyang	Vice President of Global Strategy	Room 401, No. 42, Lane 39, Changbei Road, PRC	US$0.0002	1,060,125	Date of grant	10 years	0.22%

Name of grantee	Role	Address	Exercise price	Number of Shares under the Pre-IPO Share Option Plan outstanding	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering[1]
(d) Mr. DUAN Qingtang	Former director	Room 1501, Building 6, Block B, Huigu Community, Chuncheng, High-tech Zone, Kunming City, Yunnan Province, PRC	US$0.0002	4,273,021	16 April 2020	10 years	0.89%
(e) Mr. LIN Jun	Vice President of Quality Analysis	Room 302, No.192, Lane 528, Pailou East Road, Pudong New Area, Shanghai, PRC	US$0.0002 or US$2	507,470	16 Apr 2020	10 years	0.11%
(f) Ms. LI Tong	Chief Medical Officer	1401, Building 2, No. 7, Gaoyuan Street, Chaoyang District, Beijing, PRC	US$0.0002 or US$2	1,950,000	31 July 2020	10 years	0.41%
(g) Mr. CHEN Wende	Chief Operation Officer	Room 7-707, Lane 180, Zhoujin Road, Huangpu District, Shanghai, PRC	US$0.0002 or US$2	4,500,000	31 July 2020	10 years	0.94%
(h) Mr. HAN Jing	Senior Vice President	Room 702, No. 37, Lane 900, Maotai Road, Changning District, Shanghai, PRC	US$0.0002 or US$2	1,050,000	14 August 2020	10 years	0.22%
(i) Ms. ZHU Xiaojing	Vice President of Human Resources	Room 301, No. 206, Hengjie Community, PRC	US$0.0002 or US$2	700,000	16 September 2019, 16 April 2020 and 31 July 2020	10 years	0.15%
(j) Mr. WENG Chengyi	Vice President of Finance	Lane 1188, Xuying Road, Qingpu District, Shanghai	US$0.0002 or US$2	650,000	16 September 2019, 16 April 2020 and	10 years	0.14%

Name of grantee	Role	Address	Exercise price	Number of Shares under the Pre-IPO Share Option Plan outstanding	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering[1]
(k) Mr. XU Zhuo	Former chief executive officer	B2-102, Tomson Golf, No.1 Longdong Avenue, Pudong, Shanghai	US$0.0002	500,000	16 April 2020	10 years	0.10%
Total				**29,415,488**			**6.11%**

Notes:

(1) The above table assumes the completion of the Global Offering, assuming the Over-allotment Option is not exercised, and options granted under the Share Option Plans are not exercised.

(2) 28,915,488 options granted to 8 members of our Directors and senior management and 4 other grantees who are beneficially interested in 500,000 options or above are held by MaplesFS (BVI) Limited on behalf of AKQM Partner Trust. Details of which can be referred to the grantees 2(a) to (k) above.

(3) Due to rounding adjustments, this figure showing the percentage of the total options held by MaplesFS (BVI) Limited is not an arithmetic aggregation of the figures below it.

(b) Other grantees

As of the Latest Practicable Date, other than the 8 members of our Directors and senior management disclosed above, no options were granted to any Directors, senior management of the Group or connected person of the Company under the Pre-IPO Share Option Plan.

A remaining 182 grantees that are not members of our Directors and senior management have been granted options at nil consideration under the Pre-IPO Share Option Plan which are outstanding to subscribe for a total of 16,202,056 Shares, representing approximately 3.37% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Plan are not exercised).

The table below shows the details of options granted the remaining 182 grantees under the Pre-IPO Share Option Plan which are outstanding:

Range of Shares underlying outstanding options under the Pre-IPO Share Option Plan	Total number of grantees	Total number of Shares	Exercise Price	Date of grant	Vesting Period	Exercise Period	Approximate percentage of issued Shares immediately after completion of the Global Offering[(1)]
1 share to 50,000 shares	83	2,264,097	US$0.0002 or US$2	16 April 2020	Date of grant	10 years from the grant date	0.47%
50,001 shares to 100,000 shares	52	4,193,320	US$0.0002 or US$2	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	0.87%
100,001 shares to 200,000 shares	26	3,795,948	US$0.0002 or US$2	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	0.79%
200,001 shares to 300,000 shares	16	4,133,772	US$0.0002 or US$2	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	0.86%
300,001 shares to 400,000 shares	4	1,345,658	US$0.0002 or US$2	16 September 2019 to 31 July 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	0.28%
400,001 shares to 499,999 shares	1	469,261	US$0.0002	16 April 2020	Date of grant	10 years from the grant date	0.10%
Total	**182**	**16,202,056**					**3.37%**

Note:

(1) The above table assumes the completion of the Global Offering, assuming the Over-allotment Option is not exercised, and options granted under the Share Option Plans are not exercised.

Assuming the full exercise of the options granted under the Pre-IPO Share Option Plan, the shareholding of the Shareholders immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no Shares are issued pursuant to the Post-IPO Share Option Plan) would be diluted by approximately 8.7%. The consequent impact on the earnings per ordinary share for the years ended 31

December 2018 and 2019 and the three months ended 31 March 2020 is nil, nil and nil respectively, being the incremental impact to diluted earnings per share, since the diluted loss per share is the same as basic loss per share.

2. Post-IPO Share Option Plan

Summary

The following is a summary of the principal terms of the post-IPO share option plan (the "**Post-IPO Share Option Plan**") conditionally adopted by the resolutions in writing of our Shareholders passed on 18 September 2020.

(a) Purpose

The purpose of the Post-IPO Share Option Plan is to advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development. The Post-IPO Share Option Plan will enable the Company to recruit, incentivize and retain key employees.

(b) Administration

The Post-IPO Share Option Plan is administered by the compensation committee of the Board or its delegate(s) (the "**Administrator**" of the Post-IPO Share Option Plan).

The Administrator has discretionary authority to:

(i) approve, interpret, amend, suspend or terminate the Post-IPO Share Option Plan at any time and for any reason;

(ii) determine eligibility for and grant options;

(iii) determine, modify or waive the terms and conditions of any option;

(iv) determine how options will be settled;

(v) prescribe forms, rules and procedures relating to the Post-IPO Share Option Plan; and

(vi) otherwise do all things necessary or appropriate to carry out the purposes of the Post-IPO Share Option Plan.

Decisions made by the Administrator under the Post-IPO Share Option Plan will be conclusive and will bind all parties.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Plan and any other share option schemes of the Company is 48,109,150, being no more than 10% of the total number of Shares in issue as at the date upon which the Post-IPO Share Option Plan takes effect (the "**Scheme Mandate**"). For the purpose of calculating the Scheme Mandate, Shares issuable upon exercise of options granted under any other share option scheme of the Company which have lapsed in accordance with the terms of the Post-IPO Share Option Plan or any other share option schemes of the Company shall not be counted.

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Plan and any other share option schemes of the Company must not exceed such number of Shares as shall represent 30% of the Shares in issue from time to time (as required under Chapter 17 of the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

The Company may seek approval by its shareholders in general meeting for refreshing the Scheme Mandate provided that the total number of Shares in respect of which Options may be granted under the Post-IPO Share Option Plan and any other share option schemes of the Company under the Scheme Mandate as refreshed must not exceed 10% of the total number of Shares in issue as at the date of such shareholders' approval. For these purposes, options previously granted under the Post-IPO Share Option Plan and any other share option schemes of the Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted. The Company shall send to its shareholders a circular containing the information required under Chapter 17 of the Listing Rules.

The Company may also grant options in excess of the Scheme Mandate, provided such grant is to specifically identified selected participants and is first approved by shareholders in general meeting.

Shares delivered under the Post-IPO Share Option Plan will be fully paid upon exercise of the option, and will rank equally in all respects with the Shares in issue on the date of allotment and issuance of such Shares. No fractional Shares will be delivered under the Post-IPO Share Option Plan.

(d) Maximum entitlement of a grantee

Unless approved by shareholders in general meeting in the manner prescribed in the Listing Rules, the Administrator shall not grant Options to any Participants if the acceptance of those Options would result in the total number of Shares issued and to be issued under the Post-IPO Share Option Plan and any other share option schemes of the Company to that Participant on exercise of his Options (including both exercised and

outstanding Options) during any 12-month period exceeding 1% of the total Shares then in issue. The Company shall send to its shareholders a circular containing the information required under Chapter 17 of the Listing Rules. The number and terms (including the exercise price) of options to be granted to such Participants must be fixed before shareholders' approval and the date of board meeting for proposing such further grant will be taken as the date of grant for the purpose of calculating the exercise price.

(e) Who may join

The compensation committee of the Board, or its delegates, will select participants from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator (each an "**Eligible Person**") to participate in the Post-IPO Share Option Plan.

Eligible Persons will become participants with the approval of the compensation committee of the Board and upon entering into a written agreement with the Company in respect of the grant of an option under the Post-IPO Share Option Plan (a "**Grant Agreement**").

Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract, provided that a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

(f) Options granted to connected persons etc.

(i) Grants to a director, chief executive or substantial shareholder of the Company or any of their respective associates ("**Related Persons**"):

(1) Any grant of options to a Related Person must be approved by all the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the options).

(ii) Grants to substantial shareholders and independent non-executive directors:

(1) Any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the shareholders of the Company in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12 month period up to and including the date of such grant:

(A) would represent in aggregate more than 0.1% of the Shares then in issue; and

(B) would have an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5,000,000 (or such other amount as shall be permissible under the Listing Rules from time to time).

(2) At the general meeting to approve the proposed grant of option pursuant to the Post-IPO Share Option Plan, the participant, his associates and all core connected persons of the Company must abstain from voting unless they intend to vote against the proposed grant and that intention has been stated in the circular to be despatched to shareholders in accordance with the Listing Rules. At such general meeting, the vote to approve the grant of such Options must be taken on a poll in accordance with the relevant provisions of the Listing Rules. The Company shall send to the shareholders of the Company a circular containing the details and information required as set out in Listing Rule.

(iii) Changes in the terms of options granted to substantial shareholders and independent non-executive directors:

(1) Any proposed change in the terms of options granted to a participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, must be approved by the shareholders of the Company in general meeting in accordance with the relevant provisions of the Listing Rules.

(g) Term of the Post-IPO Share Option Plan

The Post-IPO Share Option Plan shall terminate (i) pursuant to the terms summarised in the section headed "Amendment, Termination and Cancellation of the Post-IPO Share Option Plan" below or (ii) on the tenth anniversary of the effective date of the plan, after which time (whichever is earlier) no further options may be granted but the provisions of the Post-IPO Share Option Plan shall remain in full force and effect in

all other respects. In particular, all options granted before the end of the term of the Post-IPO Share Option Plan shall continue to be valid, and shall be administered and remain exercisable in accordance with the Post-IPO Share Option Plan and the relevant Grant Agreement.

Amendment, Termination and Cancellation of the Post-IPO Share Option Plan

The Administrator may, at any time, amend the Post-IPO Share Option Plan or the terms in respect of any outstanding option for any purpose which may at the time be permitted by applicable laws, and may, at any time, terminate the Post-IPO Share Option Plan as to any future grants of options.

In furtherance of the foregoing, the Administrator may, without approval of the Shareholders, amend any outstanding option to provide an exercise price per share that is lower than the then-current exercise price of such outstanding option (but not lower than the exercise price at which a new option of the same type could be granted on the date of such amendment or the par value of the relevant shares).

The Administrator may also, without approval of the Shareholders, cancel any outstanding option (whether or not granted under the Post-IPO Share Option Plan) and grant in substitution therefor new options under the Post-IPO Share Option Plan covering the same or a different number of Shares, including, in the case of an option, a new option having an exercise price per share that is lower than the then-current exercise price per share of such outstanding option (but not lower than the exercise price at which a new option of the same type could be granted on the date of such amendment or the par value of the relevant shares).

Any amendments to the Post-IPO Share Option Plan will be conditional upon approval of the Company's shareholders only to the extent, if any, such approval is required by the applicable laws (including but not limited to the Listing Rules) and/or the memorandum and articles of association of the Company.

(h) Rules Applicable to options

For the purposes of this summary of the principal terms of the Post-IPO Share Option Plan, an option refers to an option entitling the relevant participant to acquire Shares upon payment of the exercise price as set out in the Grant Agreement.

Option Provisions

The Administrator will determine the terms of the grant of all options, subject to the limitations provided in the rules of the Post-IPO Share Option Plan. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) the grant of an option, the participant shall be deemed to have agreed to the terms of the Grant Agreement with respect to the option and the Post-IPO Share Option Plan. In order to

assure the viability of options granted to the participants employed in various jurisdictions, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the applicable laws, tax policy, or custom applicable in the jurisdiction in which each of the participants resides or is employed.

Exercise Price

The exercise price of each option will be determined by the Administrator. Options, once granted, may be repriced only in accordance with the applicable requirements of the Post-IPO Share Option Plan and the Grant Agreement.

Vesting

The Administrator may determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable.

Maximum Term

Each option will have a maximum term not exceeding the tenth anniversary from the date of grant.

Time and Manner of Exercise

Unless the Administrator otherwise determined and stated in the Grant Agreement, a participant is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Plan can be exercised and there is no minimum period for which any option must be held before it can be exercised.

Any exercise of an option shall be at all times subject to the terms and provisions of the Grant Agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

Unless the Administrator expressly provides otherwise, no option will be deemed to have been exercised until the Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Administrator) by the appropriate person and accompanied by any payment required under the option.

An option exercised by any person other than the participant will not be deemed to have been exercised until the Administrator approves such exercise and has received such evidence as it may require that the person exercising the option has the right to do so. The vested option may be exercised by the participant, taking into account the stipulations laid down in his or her individual Grant Agreement.

Upon the request by the participant, the Company may issue Shares in respect of which the notice is given to a third party to hold on trust for the participant on the condition that the participant provides evidence satisfactory to the Administrator that the third party will comply with the conditions of the Post-IPO Share Option Plan and the relevant Grant Agreement.

Payment of Exercise Price

Where the exercise of an option is to be accompanied by payment, payment of the exercise price shall be by cash or check in a currency acceptable to the Administrator, or, by such other legally permissible means, if any, as may be acceptable to the Administrator if so permitted by the Administrator, in each case, in accordance with the applicable laws.

A participant may be required to provide evidence that any currency used to pay the exercise price of any Option were acquired and taken out of the jurisdiction in which the participant resides in accordance with the applicable laws. In the event the exercise price for an Option is paid in Chinese Renminbi or other foreign currency, as permitted by the Administrator and to the extent permitted under the applicable laws, the amount payable will be determined by conversion from U.S. dollars or Hong Kong Dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Administrator on the date of exercise.

Cumulative Exercisability

To the extent that the option is vested and exercisable, subject to the conditions of the Post-IPO Share Option Plan and the relevant Grant Agreement, the participant has the right to exercise the option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the option.

Transferability

Unless otherwise approved by the Administrator, an option shall be personal to the participant and shall not be assignable and no participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do, except as provided in the Post-IPO Share Option Plan.

In the event that the Administrator approves an assignment of any option to a third party, the relevant participant undertakes to the Company that he/she shall comply, and shall procure such third party to comply, with the conditions of the plan and the relevant Grant Agreement.

Notwithstanding the foregoing, in the event of the participant ceasing to be an employee by reason of his/her death, disability or for any other reason that the Administrator considers valid, before exercising the option in full, the participant's vested option may be assigned to its representative. The executor or administrator of a deceased participant, the guardian of an incompetent participant shall be the only person recognized by the Company as the representative to be assigned with the option. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased participant or of the appointment of a guardian of an incompetent participant may be accepted by the Company even if the deceased, or incompetent is domiciled outside the Cayman Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor is issued by a foreign court which had competent jurisdiction in the matter. Any permitted assignment of options shall only be made in a manner that is not prohibited by applicable laws.

Voting Right

The Shares acquired through exercise of the options shall carry voting rights. The participant undertakes that, if requested by the Administrator as a condition to exercising any options granted pursuant to the terms and conditions of the Grant Agreement, the participant shall deliver to the Company a voting proxy form (the form of which shall be agreed and approved by the Administrator) executed by the participant appointing a Person designated by the Administrator, as his/her proxy, at a general meeting.

Taxes

The delivery, vesting and retention of Shares, cash or other property under the Post-IPO Share Option Plan are conditioned upon full satisfaction by the participant of all tax withholding requirements under the applicable laws with respect to the option. The Administrator will prescribe such rules for the withholding of taxes as it deems necessary. The Administrator may, but need not, hold back Shares upon the exercise of an Option or permit a participant to tender his or her Shares in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by the applicable laws).

Additional Restrictions

The Administrator may cancel, rescind, withhold, otherwise limit, or restrict or vary the terms of the grant of, any option at any time if the participant is not in compliance with all applicable provisions of the Grant Agreement and the Post-IPO Share Option Plan, or if the participant breaches any agreement with the Company or any of its affiliates, including without limitation, any agreement with respect to non-competition, non-solicitation or confidentiality.

(i) Restriction on time of grant

(i) The Company may not grant any option after inside information has come to its knowledge until it has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of:

(1) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement. Without prejudice to the foregoing, no option shall be granted during the period specified in the Listing Rules as being a period during which no option may be granted.

(ii) No grant of options shall be made to an Eligible Person who is a director during a period in which the directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or the Company's own equivalent code.

(j) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant;

(ii) the expiry of the periods referred to in paragraph (l) below;

(iii) subject to the section "Winding-up of the Company" in paragraph (l) below, the date of the commencement of the winding-up of the Company in respect of the situation contemplated therein;

(iv) the date the scheme or compromise referred to in the section "Scheme for reconstruction of the Company or amalgamation with any other company or companies" in paragraph (l) below becomes effective;

(v) the date on which the participants being an Eligible Persons ceases to be a participant by reason of the termination of his employment on any one or more of the following grounds:

(1) that he has been guilty of misconduct;

(2) that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally;

(3) that he has been convicted of a criminal offence involving his integrity or honesty; or

(4) on any other ground on which an employer would be entitled to terminate his employment forthwith pursuant to applicable laws or under the Participant's employment contract;

and a resolution as referred om the Post-IPO Share Option Plan to the effect that the employment of a Participant has or has not been terminated on one or more of the grounds specified in this section;

(vi) the date on which the Participant commits a breach pursuant to the section "Transferability" in paragraph (h) above;

(vii) the date on which the Administrator resolves that such Option has been cancelled pursuant to the section "Additional Restrictions" in paragraph (h) above;

(viii) if an option was granted subject to certain conditions, restrictions or limitation, the date on which the Administrator resolves that the participant has failed to satisfy or comply with such conditions, restrictions or limitation;

(ix) in respect of the participant being a consultant or adviser (whether individual or corporation), the date on which the Board resolves that the consultant or adviser fails to comply with any provisions of the relevant contracts, or breaches its fiduciary duty under the common law; and

(x) the occurrence of such event or expiry of such period as may have been specifically provided for in the Grant Agreement, if any.

(k) Cancellation of options

Any breaches of the rules of the Post-IPO Share Option Plan by a grantee may result in the options granted to such grantee being cancelled by the Company. Options granted but not exercised or lapsed may be cancelled by the Administrator at its discretion with the consent of the relevant participant in accordance with the Post-IPO Share Option Plan.

Subject to the consent from the relevant participant, the Administrator may at its discretion cancel options previously granted to and yet to be exercised by a participant. The participant whose options are cancelled pursuant to this paragraph may be issued new options in accordance with the provisions of the Post-IPO Share Option Plan, provided that there are sufficient available unissued options (excluding such cancelled options) for such re-issuance under the Scheme Mandate.

(l) Effect of certain transactions

In this section, references to Shares should be construed to include any shares or securities resulting from an adjustment pursuant to the transactions set out in this section.

In the event of a share transfer, share split or combination of shares (including a reverse share split), recapitalization, issuance or other change in the share capital structure of the Company, other than any alteration in the share capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Administrator shall make appropriate adjustments to the Scheme Mandate and shall also make appropriate adjustments to the number and kind of shares or securities subject to options then outstanding or subsequently granted, any exercise prices relating to options then outstanding and any other provision in respect of options affected by such change.

The Administrator may also make adjustments of the type described above to take into account distributions to shareholders of the Company other than those described above, or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Post-IPO Share Option Plan.

General or partial offer

After the completion of the Global Offering, in the event that a general or partial offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) is made to all holders of Shares (other than the offeror and/or any person controlled by the offeror and/or any party acting in concert (having the meaning ascribed to it under The Codes on Takeovers and Mergers and Share Buy-backs) with the offeror) to acquire all or part of the issued Shares and such offer, having been approved in accordance with the applicable laws and other applicable regulatory requirements, becomes or is declared unconditional (within the meaning of the Takeovers Code), all options (to the extent exercisable as at the date on which the offer becomes or is declared unconditional and not exercised and to the extent unvested (which shall become vested forthwith)) shall be exercised to their full extent within fourteen (14) calendar days after the date on which such offer becomes or is declared unconditional.

Scheme for reconstruction of the Company or amalgamation with any other company or companies

After the completion of the Global Offering and pursuant to the applicable laws, in the event that a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the participants (together with a notice of the existence of these relevant provisions pursuant to the Post-IPO Share Option Plan) on the same day as it despatches to members and/or creditors of the Company a notice convening the meeting to consider such a compromise or arrangement, and thereupon all unvested options shall vest immediately, and each participant shall, by notice in writing to the Company, exercise all or any of his options in whole or in part (to the extent exercisable as of the date of the notice from the Company and not exercised).

Such exercise notice shall be received by the Company not later than two business days prior to the proposed meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement if there are more than one meeting for such purpose, the date of the first meeting and accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given. With effect from the date of such meeting, the rights of all participants to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determined.

The Administrator shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the participants to exercise their respective options (to the extent not already exercised) shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any participant as a result of the aforesaid suspension.

Winding-up of the Company

After the completion of the Global Offering, in the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each holder of the Shares or as soon as practicable thereafter, give notice thereof to all participants (together with a notice of the existence of these relevant provisions pursuant to the Post-IPO Share Option Plan).

Thereupon all unvested options shall vest immediately, and each participant shall exercise all or any of his outstanding options (to the extent exercisable as of the date of the notice from the Company and not exercised) by giving notice in writing to the Company no later than two (2) business days prior to the proposed general meeting of the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the participant credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

(a) Legal conditions on delivery of shares or cash

The Company will not be obligated to deliver, issue or transfer any Shares pursuant to the Post-IPO Share Option Plan or remove any restriction from Shares delivered under the Post-IPO Share Option Plan or deliver payment in cash in respect of any Option until:

(i) the Company is satisfied that all legal matters and government approvals in connection with the issuance and delivery of such shares or cash have been addressed and resolved;

(ii) if the outstanding Shares are, at the time of delivery, issuance or transfer listed on any share exchange or national market system, the Shares to be delivered, issued or transferred have been listed or authorized to be listed on such exchange or system upon official notice of issuance;

(iii) the passing of a resolution by the Administrator to grant options under the Post-IPO Share Option Plan and the Company to allot and issue Shares pursuant to the exercise of any options; and

(iv) all conditions of the options have been satisfied or waived.

If the sale of Shares has not been registered under any applicable laws in any applicable jurisdiction, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of any applicable laws. Any Shares required to be issued or transferred to the participants under the Post-IPO Share Option Plan shall be issued or transferred, subject to the memorandum and articles of association of the Company and the applicable laws, in such manner as the Administrator may deem appropriate.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any Shares to be allotted and issued upon the exercise of the options which has been granted under the Share Option Plans) and the Consideration Shares and Earn-out Shares to be issued, details of which are set out in the section headed "History, Development and Corporate Structure – Acquisitions, Investments and Dissolution – Acquisition of ABT".

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$1,500,000 for acting as the sponsor for the Listing.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
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

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jefferies Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Haiwen & Partners	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
China Insights Industry Consultancy Limited	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary Expenses

The Company did not incur any material preliminary expenses.

8. Other Disclaimers

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(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 prospectus:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iv) 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 "Further Information about our Business – Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(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 Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

(e) Our Directors confirm that:

(i) there is no arrangement under which future dividends are waived or agreed to be waived; and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(f) None of the equity and debt securities of any company within our Group is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of the **Green** Application Form;

(b) the written consents referred to in "Statutory and General Information – E. Other Information – 4. Consents of Experts" in Appendix IV; and

(c) a copy of each of the material contracts referred to in "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountant's Report and the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the texts of which are set out in Appendices I and II;

(c) the audited consolidated financial statements of our Company for the two financial years ended 31 December 2018 and 2019 and the three months ended 31 March 2020;

(d) the PRC legal opinions issued by Haiwen & Partners, our legal adviser on PRC law, in respect of certain general corporate matters of our Group;

(e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarising the constitution of the Company and certain aspects of the Cayman Companies Law referred to in Appendix III;

(f) the Cayman Companies Law;

(g) the written consents referred to in "Statutory and General Information – E. Other Information – 4. Consents of Experts" in Appendix IV;

(h) the material contracts referred to in "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV;

(i) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information – C. Further Information about our Directors – 1. Particulars of Directors' service contracts and appointment letters" in Appendix IV;

(j) the industry report prepared by China Insights Industry Consultancy Limited;

(k) the terms of the Pre-IPO Share Option Plan and a list of grantees under the Pre-IPO Share Option Plan; and

(l) the terms of the Post-IPO Share Option Plan.

GENOR
BIOPHARMA

嘉和生物藥業(開曼)控股有限公司

JHBP (CY) HOLDINGS LIMITED