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

OVERVIEW

We are a company engaged in the R&D, production and commercialization of pharmaceuticals and currently are primarily focused on generic pharmaceuticals. We have a diversified product portfolio in our strategically focused therapeutic areas, including, (i) oncology (including cell therapy), (ii) central nervous system diseases and (iii) autoimmune diseases. According to Frost & Sullivan, together, these therapeutic areas accounted for 24.7% of the total PRC pharmaceutical market in terms of sales revenue of pharmaceuticals in 2019 and grew faster than the overall PRC pharmaceutical market from 2015 to 2019, a trend which is expected to continue overall in the near future, according to Frost & Sullivan. We were the first pharmaceutical company with both biologics and small molecule drugs in China listed on the NYSE at the time of listing in 2007, and we subsequently privatized our Company in 2013. Please see "History, Reorganization and Corporate Structure – Corporate Development – Prior Listing on the NYSE" for more details.

Our diversified product portfolio centers around 10 major products (including seven generic pharmaceuticals, two category I innovative pharmaceuticals and one new formulation drug) with leading positions in their respective therapeutic segments and/or established track record, sales of which accounted for 85.1%, 83.0%, 81.9% and 78.9% of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Our major products include:

- Endostar (recombinant human endostatin injection), the first proprietary anti-angiogenic targeted drug in China and the only endostatin approved for sale in China and worldwide, according to Frost & Sullivan. Recombinant human endostatin has been included in the NRDL since 2017 and is recommended as a first-line treatment for advanced non-small-cell lung cancer, or NSCLC, patients by a number of oncology clinical practice guidelines issued by NHC, Chinese Medical Association (中華醫學會) and CSCO. Endostar was developed by Shandong Simcere before it became our subsidiary;

- Bicun (edaravone injection), a synthetic free radical scavenger and the first edaravone injection approved for sale in China and the second edaravone injection approved for sale worldwide, according to Frost & Sullivan. Edaravone has been recommended for the treatment of stroke by a number of clinical practice guidelines

issued by Chinese Medical Association, the NHC, China Stroke Association (中國卒中協會), the Japan Stroke Society, the American Heart Association and the American Stroke Association. Bicun was internally developed by us. It was included in the Control List in 2019 and subsequently removed from the latest version of NRDL in 2020;

- Iremod (iguratimod tablets), a small molecule disease-modifying antirheumatic drug, or DMARD, and the first iguratimod pharmaceutical product approved for sale in the world, according to Frost & Sullivan. Iguratimod has been included in the NRDL since 2017 and is recommended as the primary therapy drug for the treatment of active rheumatoid arthritis by a number of clinical practice guidelines and pathways issued by the NHC, Chinese Medical Association, Asia Pacific League of Associations for Rheumatology and the Ministry of Health, Labor and Welfare of Japan. Iremod was developed by us in collaboration with an Independent Third Party, which is a pharmaceutical research institute in China;

- Softan (rosuvastatin calcium tablets), a cholesterol lowering statin. Rosuvastatin has been included in the NRDL since 2009 and is included in a number of clinical practice guidelines in China as a recommended therapy drug for dyslipidemia as well as various clinical practice guidelines in the United States, Canada and the European Union as the first-line treatment for lowering blood cholesterol. Softan was acquired by us from an Independent Third Party, which is a company primarily engaged in the R&D, production and sale of pharmaceuticals in China; and

- Yingtaiqing (diclofenac sodium sustained-release capsules/gel), a non-steroidal anti-inflammatory pharmaceutical. Diclofenac sodium sustained-release capsules have been included in the NRDL since 2004. While the Yingtaiqing-branded sustained-release capsules that we current sell and/or promote are produced by and sourced from CPU Pharma, we have also internally developed Yingtaiqing-branded sustained-release capsules and gel.

The above-mentioned clinical practice guidelines and pathways are authoritative among physicians, according to Frost & Sullivan, although physicians are not mandatorily required to follow them.

Generic pharmaceuticals contributed a substantial portion of our revenue during the Track Record Period. Among our major products, Bicun, Yingtaiqing, Newanti and Jepaso are first-to-market generic pharmaceuticals, Jiebaili, Softan and ZAILIN are generic pharmaceuticals, while Endostar and Iremod are category I innovative pharmaceuticals and Sinofuan is a new formulation drug. Revenue derived from sales of our major products that are generic pharmaceuticals accounted for 60.7%, 54.9%, 46.5% and 35.5% of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, while Endostar, Iremod and Sinofuan contributed 24.4%, 28.1%, 35.4% and 43.4% of our total revenue for the same periods, respectively.

In August 2020, we launched Orencia® (abatacept injection) (a cytotoxic T-lymphocyte-associated protein 4-Fc, or CTLA4-Fc, fusion protein for the treatment of moderate to severe rheumatoid arthritis), which is an imported innovative pharmaceutical we developed in collaboration with a R&D partner for commercialization in China, and Sanbexin™ (edaravone and dexborneol concentrated solution for injection) (an edaravone compound with significantly higher efficacy than edaravone monotherapy in patients with ischemic stroke), which is a category I innovative pharmaceutical internally developed by us. In addition, we have obtained the exclusive promotion right in respect of KN035 (Envafolimab) (a subcutaneously injectable programmed death ligand 1 inhibitor, or PD-L1 inhibitor), which is a category I innovative pharmaceutical candidate and is expected to be launched in 2021. We believe that such innovative products have significant market potential and, with our established commercial capabilities, will continue to drive our future growth.

We have continued to increase our investment in R&D during the Track Record Period. As of June 30, 2020, our R&D department consisted of 756 full-time employees, 331 of whom held master's degrees and 116 held Ph.D. degrees. We have established three R&D centers in Nanjing (the Jiangsu Province), Shanghai and Boston (the United States), respectively. With the approval of the Ministry of Science and Technology, we have also established a national key laboratory of translational medicine and innovative pharmaceuticals (轉化醫學與創新藥物國家重點實驗室). For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our research and development costs accounted for 5.5%, 9.9%, 14.2% and 23.6%, respectively, of our total revenue for the same periods. Our dedicated business development team monitors market developments and actively pursues potential collaboration opportunities. We have successfully established collaboration relationships with leading domestic and international pharmaceutical companies and biotechnology companies, securing exclusive development and commercialization rights in China. Our vigorous in-house R&D efforts and extensive R&D collaborations have translated into a robust pipeline of product candidates. In the next few years, we expect to submit or obtain the generic drugs approval or Import Drug License, or IDL, application for 17 selected generic pharmaceutical and biosimilar candidates. More importantly, as of the Latest Practicable Date, we had nearly 50 innovative product candidates in different stages of development which we are either internally developing or developing in collaboration with R&D partners. These include small molecule pharmaceuticals, large molecule pharmaceuticals and chimeric antigen receptor T cell therapies, or CAR T-cell therapies, among which nearly 10 product candidates had obtained the IND approval or were at clinical stage.

We are a vertically integrated pharmaceutical company with established manufacturing and commercial capabilities. We maintain an effective and nationwide sales and distribution network supported by over 2,800 sales and marketing personnel spanning 31 provinces, municipalities and autonomous regions across China as of June 30, 2020, covering approximately 2,100 Class III hospitals, approximately 17,000 other hospitals and medical institutions, as well as more than 200 large-scale national or regional pharmacy chains. Our leading commercial capabilities have enabled us to continuously procure our products' entry into the NRDL as well as clinical practice guidelines and pathways. As of June 30, 2020, our existing product portfolio included over 30 products in the NRDL and over 10 products recommended in more than 40 clinical practice guidelines and pathways issued by government authorities or prestigious professional associations.

We currently have five PRC GMP certified production facilities for the manufacturing of our pharmaceutical products, including one located in Nanjing, Jiangsu Province, two located in Hainan Province, one located in Yantai, Shandong Province and one located in Wuhu, Anhui Province. As of the Latest Practicable Date, our production facilities housed a total of 21 production lines for the production of biologics and small molecule pharmaceuticals in a variety of dosage forms including injectables, oral liquids, oral solid dosage forms (tablets, capsules, granules and powders), implants, gel and dry powder for inhalation, as well as five workshops for the production of APIs. We have received EU GMP certification or passed the U.S. FDA inspection for some of our production workshops. Moreover, we have a production facility for mAbs and other biologics in our pipeline, which is expected to commence pilot-scale production in December 2020. Furthermore, considering the complexity and difficulty in the manufacturing of cell therapy pharmaceuticals, we are currently constructing a new pilot-scale GMP-grade workshop for chemistry, manufacturing, and controls processes, or CMC, and clinical research of the cell therapy pharmaceuticals in our product pipeline. We also plan to construct a new production facility for the commercial-scale production of cell therapy pharmaceuticals in our product pipeline in preparation for their commercial launch.

We have been recognized as one of the "Top 10 Innovative Pharmaceutical Enterprises in China (中國創新力醫藥企業十強)" from 2014 to 2019 and as one of the "Top 100 Pharmaceutical Manufacturing Enterprises of China (中國製藥工業百強)" from 2009 to 2018. Our revenue increased from RMB3,867.9 million in 2017 to RMB5,036.7 million in 2019, representing a CAGR of 14.1%. Our revenue decreased by 20.2% from RMB2,414.0 million for the six months ended June 30, 2019 to RMB1,925.4 million for the six months ended June 30, 2020. Our net profit increased from RMB350.4 million in 2017 to RMB1,003.6 million in 2019, representing a CAGR of 69.2%. Our net profit decreased by 59.9% from RMB461.0 million for the six months ended June 30, 2019 to RMB184.8 million for the six months ended June 30, 2020.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- Comprehensive and leading product portfolio focused in three large and fast-growing therapeutic areas with an increasing revenue contribution from innovative pharmaceuticals

- Three newly launched or near-commercial potential best-in-class therapies with significant market potential

- Robust product pipeline driven by our in-house R&D efforts and R&D collaborations

- Leading commercial capabilities with nationwide sales and distribution network

- World-class manufacturing infrastructure and quality control standards

- A visionary senior management team with a strong sense of mission and proven track record

OUR STRATEGIES

We plan to implement the following strategies:

- Continue to invest in R&D and rapidly advance the development of our product candidates
- Continue to source innovative therapies globally and expand our R&D network
- Continue to attract and develop the best talent and strengthen our human capital
- Continue to expand our market access and strengthen our sales and marketing capabilities
- Further enhance our GMP-compliant manufacturing capabilities

OUR PRODUCT PORTFOLIO

Our Existing Product Portfolio

With our continuous growth over the years, we have established a diversified product portfolio comprising six products for the treatment of oncology diseases (including four generic pharmaceuticals, one innovative pharmaceutical and one new formulation drug), three products for the treatment of central nervous system diseases (including two generic pharmaceuticals and one innovative pharmaceutical), four products for the treatment of autoimmune diseases (including two generic pharmaceuticals and two innovative pharmaceuticals), three products for the treatment of cardiovascular diseases (including two generic pharmaceuticals and one innovative pharmaceutical), 11 products for the treatment of bacterial or virus-related infectious diseases (all of which are generic pharmaceuticals) and a number of products for the treatment of other diseases as of the Latest Practicable Date. As of the Latest Practicable Date, our existing product portfolio included seven products in Part A of the NRDL, which contributed an aggregate of 14.0%, 12.9%, 13.4% and 13.7% of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, as well as 28 products in Part B of the NRDL, which contributed an aggregate of 46.7%, 53.2%, 61.1% and 68.6% of our total revenue for the same periods, respectively. Our existing portfolio comprises both our pharmaceutical products that we manufacture in-house and third-party pharmaceutical products from reputable pharmaceutical companies that we sell and/or promote. Please see "Business – Sales, Marketing and Distribution – Distribution and Promotion of Third-party Pharmaceutical Products" for more details about third-party pharmaceutical products. We also manufacture and sell a number of APIs, such as diosmectite.

Oncology Products

According to Frost & Sullivan, oncology was the 5th largest therapeutic area in China in terms of sales revenue of pharmaceuticals in 2019, accounting for 11.2% of the overall pharmaceutical market in the same year. As of the Latest Practicable Date, our oncology product portfolio comprised six products, including our major products: Endostar (recombinant human endostatin injection), Jepaso (nedaplatin for injection), Jiebaili (pemetrexed disodium for injection) and Sinofuan (5-fluorouracil implants). For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our sales of oncology products were RMB1,004.9 million, RMB1,279.8 million, RMB1,568.9 million and RMB537.6 million, respectively, accounting for 26.2%, 29.7%, 32.7% and 29.8% of our revenue from sales of pharmaceutical products for the same periods, respectively.

Central Nervous System Products

According to Frost & Sullivan, central nervous system diseases were the 4th largest therapeutic area in China in terms of sales revenue of pharmaceuticals in 2019, accounting for 12.5% of the overall pharmaceutical market in the same year. As of the Latest Practicable Date, our central nervous system product portfolio comprised three products, including our major product, Bicun (edaravone injection). For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our sales of central nervous system products were RMB1,276.1 million, RMB1,202.0 million, RMB936.9 million and RMB178.0 million, respectively, accounting for 33.3%, 27.9%, 19.5% and 9.9% of our revenue from sales of pharmaceutical products for the same periods, respectively.

Bicun was included in the Control List in 2019 and subsequently removed from the NRDL in 2020, as a result of which our sales of Bicun decreased from RMB1,198.6 million in 2018 to RMB936.9 million in 2019, and further decreased from RMB572.8 million for the six months ended June 30, 2019 to RMB178.0 million for the six months ended June 30, 2020. Please see "Regulatory Overview – Major Regulatory Reforms in the Pharmaceutical Industry," "Business – Major Recent Regulatory Reforms" and "Financial Information – Period to Period Comparison of Results of Operations" for more details.

Autoimmune Products

According to Frost & Sullivan, autoimmune diseases were one of the fastest growing therapeutic areas in China in terms of sales revenue of pharmaceuticals in 2019. As of the Latest Practicable Date, our autoimmune product portfolio comprised four products, including our major products, Iremod (iguratimod tablets) and Yingtaiqing (diclofenac sodium sustained release capsules/gel). For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our sales of autoimmune products were RMB423.2 million, RMB537.8 million, RMB813.8 million and RMB537.0 million, respectively, accounting for 11.0%, 12.5%, 17.0% and 29.8% of our revenue from sales of pharmaceutical products for the same periods, respectively.

Cardiovascular Products

According to Frost & Sullivan, sales revenue of cardiovascular pharmaceuticals accounted for 13.0% of the overall pharmaceutical market in 2019. As of the Latest Practicable Date, our cardiovascular product portfolio comprised three products, including our major product, Softan (rosuvastatin calcium tablets). We also market and/or sell OLMETEC PLUS (olmesartan medoxomil and hydrochlorothiazide tablets) developed and manufactured by Daiichi Sankyo. Angiotensin II receptor blocker is the most prescribed category of anti-hypertensive pharmaceuticals worldwide, while OLMETEC PLUS is a new-generation fixed-dose combination of an angiotensin II receptor blocker, olmesartan medoxomil, and a thiazide diuretic, hydrochlorothiazide, and an exclusive product in the PRC pharmaceutical market. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our sales of cardiovascular products were RMB243.4 million, RMB353.1 million, RMB445.5 million and RMB181.9 million, respectively, accounting for 6.3%, 8.2%, 9.3% and 10.1% of our revenue from sales of pharmaceutical products for the same periods, respectively.

Anti-Infective Products

According to Frost & Sullivan, sales revenue of anti-infective pharmaceuticals accounted for 13.8% of the overall pharmaceutical market in 2019. As of the Latest Practicable Date, our anti-infective product portfolio comprised 11 products, including our major products, Newanti (biapenem for injection) and ZAILIN (amoxicillin granules/dispersible tablets/capsules). Our anti-infective product portfolio also includes our ZAILIKE-branded arbidol dispersible tablets, a broad-spectrum anti-viral for treatment of influenza, which have been included in the NRDL in 2019. Arbidol is recommended by the NHC in its "Guidelines for the Diagnosis and Treatment of Influenza (2019 Edition)" (《流行性感冒診療方案(2019年版)》) and "Guidelines for the Diagnosis and Treatment of COVID-19 (Sixth/Seventh Editions for Trial Implementation)" (《新冠肺炎診療方案(試行第六版、第七版)》). For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our sales of anti-infective products were RMB564.7 million, RMB579.5 million, RMB635.7 million and RMB211.2 million, respectively, accounting for 14.7%, 13.4%, 13.2% and 11.7% of our revenue from sales of pharmaceutical products for the same periods, respectively.

Other Products

We currently sell and/or promote a number of other pharmaceutical products, such as our Biqi-branded diosmectite powder, our anti-diarrhea products, which have obtained EU GMP certification and are currently sold in both China and the Europe. We also sell a number of APIs, such as diosmectite. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, sales of other products were RMB324.6 million, RMB356.9 million, RMB399.6 million and RMB157.7 million, respectively, accounting for 8.5%, 8.3%, 8.3% and 8.7% of our revenue from sales of pharmaceutical products for the same periods, respectively.

The following table sets forth selected information of our major products as of the Latest Practicable Date:

Therapeutic area	Major product	Classification	Indication(s)	Year of approval for sales in China	OTC/prescription pharmaceutical	Expiration date of production approval	Status of consistency evaluation[1]	Specifications	NRDL[2]	National Essential Drug List[3]	Internally developed/acquired/ developed in collaboration with R&D partner(s)[4]
Oncology:	Endostar (recombinant human endostatin injection)	Category I innovative pharmaceutical	NSCLC	2005	Prescription	November 12, 2024	N/A	15mg/2.4×10^5U/ 3ml per pre-filled syringe	Yes, Part B	No	Developed by Shandong Simcere before it became our subsidiary
	Jepaso (nedaplatin for injection)	First-to-market generic pharmaceutical	Solid tumors	2003	Prescription	July 6, 2025	Application filed in June 2020 (expected to pass in 2021)	10mg per vial	Yes, Part B	No	Developed by Dongjie Pharmaceutical before it was merged by Simcere Pharmaceutical
	Jiebaili (pemetrexed disodium for injection)	Generic pharmaceutical	Non-squamous NSCLC; pleural mesothelioma	2009	Prescription	March 12, 2024	Application filed in December 2019 (expected to pass in 2021)	0.1g/0.2g/0.5g per vial	Yes, Part B	Yes	Developed by Dongjie Pharmaceutical before it was merged by Simcere Pharmaceutical
	Sinofuan (5-fluorouracil implants)	New formulation drug	Digestive system tumors	2003	Prescription	September 28, 2024	N/A	0.1g per vial	No	No	Developed by Wuhu Simcere before it became our subsidiary
Central nervous system diseases:	Bicun (edaravone injection)	First-to-market generic pharmaceutical	Acute cerebral infarction	2003	Prescription	July 6, 2025	Application filed in October 2018 (expected to pass in 2021)	5ml:10mg/ 20ml:30mg per ampoule	No	No	Internally developed by us

Therapeutic area	Major product	Classification	Indication(s)	Year of approval for sales in China	OTC/prescription pharmaceutical	Expiration date of production approval	Status of consistency evaluation[1]	Specifications	NRDL[2]	National Essential Drug List[3]	Internally developed/acquired/ developed in collaboration with R&D partner(s)[4]
Autoimmune diseases:	Iremod (iguratimod tablets)	Category I innovative pharmaceutical	Active rheumatoid arthritis	2011	Prescription	June 16, 2021	N/A	25mg per pill	Yes, Part B	No	Developed in collaboration with an Independent Third Party, which is a pharmaceutical research institute in China
	Yingtaiqing (diclofenac sodium sustained-release capsules[5]/ gel)	First-to-market generic pharmaceutical (for capsules)/Generic pharmaceutical (for gel)	Pain relief	2005 (for gel)[5]	Prescription (for capsules)/OTC (for gel)	July 22, 2025 (for capsules)/ June 22, 2025 (for gel)[5]	–	50mg per pill (for capsules)/0.15g/ 0.20g/0.05g per tube (for gel)	Yes, Part A (for capsules)/ No (for gel)	Yes (for capsules)/ No (for gel)	Internally developed by us or produced by and sourced from CPU Pharma[5] (for capsules)/internally developed by us (for gel)
Cardiovascular diseases:	Softan (rosuvastatin calcium tablets)	Generic pharmaceutical	Hypercholesterolemia	2011	Prescription	January 21, 2021	Passed in October 2018 (10mg) and March 2019 (5mg)	5mg/10mg per pill	Yes, Part B	Yes	Developed by and acquired from an Independent Third Party, which is a company primarily engaged in the R&D, production and sale of pharmaceuticals in China

Therapeutic area	Major product	Classification	Indication(s)	Year of approval for sales in China	OTC/prescription pharmaceutical	Expiration date of production approval	Status of consistency evaluation[1]	Specifications	NRDL[2]	National Essential Drug List[3]	Internally developed/acquired/ developed in collaboration with R&D partner(s)[4]
Anti-infectives:											
	Newanti (biapenem for injection)	First-to-market generic pharmaceutical	Bacterial infections	2008	Prescription	December 10, 2022	Application filed in September 2019 (expected to pass in 2021)	0.3g per vial	Yes, Part B	No	Developed in collaboration with an Independent Third Party, which is a company primarily engaged in the R&D, production and sale of pharmaceutical chemicals and intermediates in China
	ZALLIN (amoxicillin granules/dispersible tablets/capsules)	Generic pharmaceutical	Bacterial infections	1993 (for granules)/ 2002 (for tablets)/1996 (for capsules)	Prescription	May 7, 2025 (for granules)/ April 8, 2024 (for tablets)/ May 7, 2025 (for capsules)	Passed in September 2019 (for granules)/ Passed in November 2019 (for capsules)	0.125g per pack (for granules)/ 0.25g per pill (for tablets)/0.25g per pill (for capsules)	Yes, Part A	Yes (for granules and capsules)/ No (for dispersible tablets)	Developed by Hainan Simcere before it became our subsidiary (for capsules and granules)/developed by Benyuan Dongyuan before it became our subsidiary (for dispersible tablets)

Notes:

(1) Our generic pharmaceuticals which had been approved for sale before the implementation of the "Reform Plan for Registration Classification of Chemical Pharmaceuticals (《化學藥品註冊分類改革工作方案》)" are required to undergo and pass the consistency evaluation pursuant to the relevant PRC regulations. In particular, all generic pharmaceuticals which are among our major products are required to complete the consistency evaluation within three years from the date the first generic pharmaceutical of the same variety (namely, of the same generic name, the same dosage form, the same specifications and the same indications) has passed the consistency evaluation. We may apply for an extension with the NMPA at the provincial level if we have assessed and considered that the relevant generic pharmaceuticals are of limited market availability and have unmet clinical demand, and the NMPA at the provincial level may grant the appropriate extension after evaluation and consultation with the provincial public health administrative authorities. Please see "Regulatory Overview – Laws and Regulations Relating to Drugs – Laws and Regulations on Drug Registration – Registration of Generic Drugs" for more details. The manufacturer of the generic pharmaceutical of the same variety as ZAILIN has filed the application for consistency evaluation.

(2) The NRDL comprises Part A and Part B. Patients purchasing pharmaceuticals included in Part A of the NRDL are entitled to reimbursement of the entire amount of the purchase price, while patients purchasing pharmaceuticals included in Part B of the NRDL are required to pay a deductible amount and obtain reimbursement for the remainder of the purchase price. The amount of the deductible differs from region to region in the PRC. In principle, the NRDL was subject to a dynamic adjustment every two years. However, the NRDL was amended from time to time in practice, without strictly following the aforementioned time interval. With the issuance of the "Interim Measures for the Administration of Drug Use in Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》)" in July 2020, which came into force in September 2020, the dynamic adjustment of the NRDL is currently expected to occur once a year in principle. In addition, pharmaceuticals included in the NRDL through the national medical insurance pricing negotiation process are subject to adjustments only upon expiration of their respective national medical insurance agreements. Please see "Regulatory Overview – Major Regulatory Reforms in the Pharmaceutical Industry – National Medical Insurance Program" for more details. The market demand for our pharmaceutical products is highly sensitive to the coverage of the NRDL. Please see "Risk Factors – Risks Relating to Our Business and Industry – If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected."

(3) Please see "Regulatory Overview – Major Regulatory Reforms in the Pharmaceutical Industry – National Essential Drug List" for more details about the National Essential Drug List.

(4) Please see "Business – Our Product Portfolio – Our Existing Product Portfolio – Oncology Products," "Business – Our Product Portfolio – Our Existing Product Portfolio – Autoimmune Products," "Business – Our Product Portfolio – Our Existing Product Portfolio – Cardiovascular Products" and "Business – Our Product Portfolio – Our Existing Product Portfolio – Anti-Infective Products" for more details about our acquisition of, or our collaboration with R&D partners for, the relevant major products.

(5) The Yingtaiqing-branded sustained-release capsules that we current sell and/or promote are produced by and sourced from CPU Pharma. However, pursuant to our non-competition undertaking to CPU Pharma which is in line with our general practice for other third-party pharmaceutical products, we agreed not to produce diclofenac sodium sustained-release capsules unless necessary to meet the requirements of PRC laws and regulations. Please see "Business – Our Product Portfolio – Our Existing Product Portfolio – Autoimmune Products – Yingtaiqing (Diclofenac Sodium) 英太青® (雙氯芬酸鈉)" for more details. Therefore, certain information regarding Yingtaiqing-branded sustained-release capsules are not disclosed in the table above.

Among our major products, Bicun was internally developed by us and contributed 32.2%, 26.6%, 18.6% and 9.2% of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, while sales of our other major products accounted for 52.9%, 56.4%, 63.3% and 69.7% of our total revenue for the same periods, respectively.

Our Product Pipeline

We employ a market-oriented approach to R&D, addressing significant unmet medical needs. Generic pharmaceuticals contributed a substantial portion of our revenue during the Track Record Period. In the next few years, we also expect to submit or obtain the generic drugs approval or IDL application for 17 selected generic pharmaceutical and biosimilar candidates. Nevertheless, in recent years, we have been strategically focusing our R&D efforts on, and continuously increasing our investment in R&D on, innovative pharmaceuticals in oncology, central nervous system disease and autoimmune disease therapeutic areas. We have accumulated extensive R&D experience, and, as a result of the efforts of our in-house R&D team and collaboration with our domestic and international R&D partners, we have successfully developed and brought to the PRC market a number of technologically advanced innovative and first-to-market generic pharmaceuticals.

Generic Product Pipeline

Our generic product pipeline centers around high entry-barrier and first-to-market generic pharmaceuticals with significant unmet clinical needs and market demand primarily in oncology, central nervous system disease and autoimmune disease therapeutic areas, while we also maintain a balanced pipeline of generic pharmaceutical candidates in other therapeutic areas. The selected generic pharmaceutical and biosimilar candidates for which we expect to submit or obtain the generic drugs approval or IDL application in the next few years are set out below:

Therapeutic area	Product candidate	Classification	Intended indication(s)	Collaboration with R&D partner(s)	Clinical trials requirement	Status
Oncology:	Bevacizumab (貝伐珠單抗)	Biologics – biosimilar	Advanced non-squamous NSCLC	Yes[(1)]	Phase III clinical trials	Phase III clinical trials
	Bendamustine hydrochloride for injection (注射用鹽酸苯達莫司汀)	Chemical drug	Chronic lymphocytic leukemia, non-Hodgkin's lymphoma	N/A	Phase III clinical trials (for 25mg); N/A (for 100mg)	Generic drugs approval application filed
	Lenvatinib mesilate capsules (甲磺酸侖伐替尼膠囊)[(2)]	Chemical drug	Unresectable hepatocellular carcinoma	N/A	Bioequivalence tests	Generic drugs approval application filed
	Palbociclib capsules (哌柏西利膠囊)[(2)]	Chemical drug	Locally advanced or metastatic breast cancer	N/A	Bioequivalence tests	Generic drugs approval application filed

Therapeutic area	Product candidate	Classification	Intended indication(s)	Collaboration with R&D partner(s)	Clinical trials requirement	Status
	Ibrutinib capsules (伊布替尼膠囊)	Chemical drug	Mantle cell lymphoma	N/A	Bioequivalence tests	Bioequivalence tests
	Cabozantinib s-malate tablets (蘋果酸卡博替尼片)	Chemical drug	Advanced renal cell carcinoma	N/A	Bioequivalence tests	Bioequivalence tests
	Relugolix tablets (瑞盧戈利片)	Chemical drug	Uterine fibroids	N/A	Bioequivalence tests	CMC
Central nervous system diseases:	Batroxobin injection (巴曲酶注射液)	Chemical drug	Acute cerebral infarction, chronic arterial occlusion, sudden deafness	N/A	Phase III clinical trials	CMC
Autoimmune diseases:	Celecoxib capsules (塞來昔布膠囊)[3]	Chemical drug	Osteoarthritis, rheumatoid arthritis, ankylosing spondylitis, acute pain	N/A	Bioequivalence tests	ANDA obtained in the U.S.
	Apremilast tablets (阿普斯特片)[4]	Chemical drug	Chronic plaque psoriasis, active psoriatic arthritis	N/A	Bioequivalence tests	Generic drugs approval application filed
Others:	Cinacalcet hydrochloride tablets (鹽酸西那卡塞片)[5]	Chemical drug	Secondary hyperparathyroidism in patients with chronic kidney disease on dialysis	Collaboration with Fujian Haixi Pharmaceutical Co., Ltd. (福建海西新藥創制有限公司)	Bioequivalence tests	Generic drugs approval application filed
	Sevelamer carbonate tablets (碳酸司維拉姆片)[5]	Chemical drug	Hyperphosphatemia in adult patients with chronic kidney diseases	N/A	N/A	Generic drugs approval application filed
	Voriconazole for injection (注射用伏立康唑)	Chemical drug	Invasive aspergillosis, candidemia (nonneutropenics) and disseminated candidiasis, esophageal candidiasis, serious infections caused by scedosporium apiospermum and fusarium species including fusarium solani	N/A	Bioequivalence tests	CMC
	Posaconazole injection/enteric-coated tablets/oral suspension (泊沙康唑注射液/腸溶片/口服混懸液)	Chemical drug	Invasive aspergillus and candida infections	N/A	Bioequivalence tests	Bioequivalence tests (for injections); CMC (for enteric-coated tablets and oral suspensions)

Therapeutic area	Product candidate	Classification	Intended indication(s)	Collaboration with R&D partner(s)	Clinical trials requirement	Status
	Salmeterol xinafoate and fluticasone propionate powder for inhalation (沙美特羅替卡松吸入粉霧劑)	Chemical drug	Asthma and COPD	Collaboration with Celon Pharma	Bioequivalence tests and phase III clinical trials	Bioequivalence tests and phase III clinical trials
	Nifedipine controlled-release tablets (硝苯地平控釋片)(6)	Chemical drug	Hypertension, coronary heart disease, chronic stable angina	N/A	Bioequivalence tests	Generic drugs approval application filed
	Ferric carboxymaltose injection (羧基麥芽糖鐵注射劑)	Chemical drug	Iron-deficiency anemia	N/A	Bioequivalence tests	CMC

Notes:

(1) Please see "Business – Our Product Portfolio – Our Product Pipeline – Generic Product Pipeline – 1. Bevacizumab (貝伐珠單抗)."

(2) For lenvatinib mesilate capsules and palbociclib capsules, we are the second to apply for the generic drugs approval (category IV generic pharmaceutical) in China, according to Frost & Sullivan.

(3) We have obtained the ANDA approval for celecoxib capsules in the United States from the U.S. FDA.

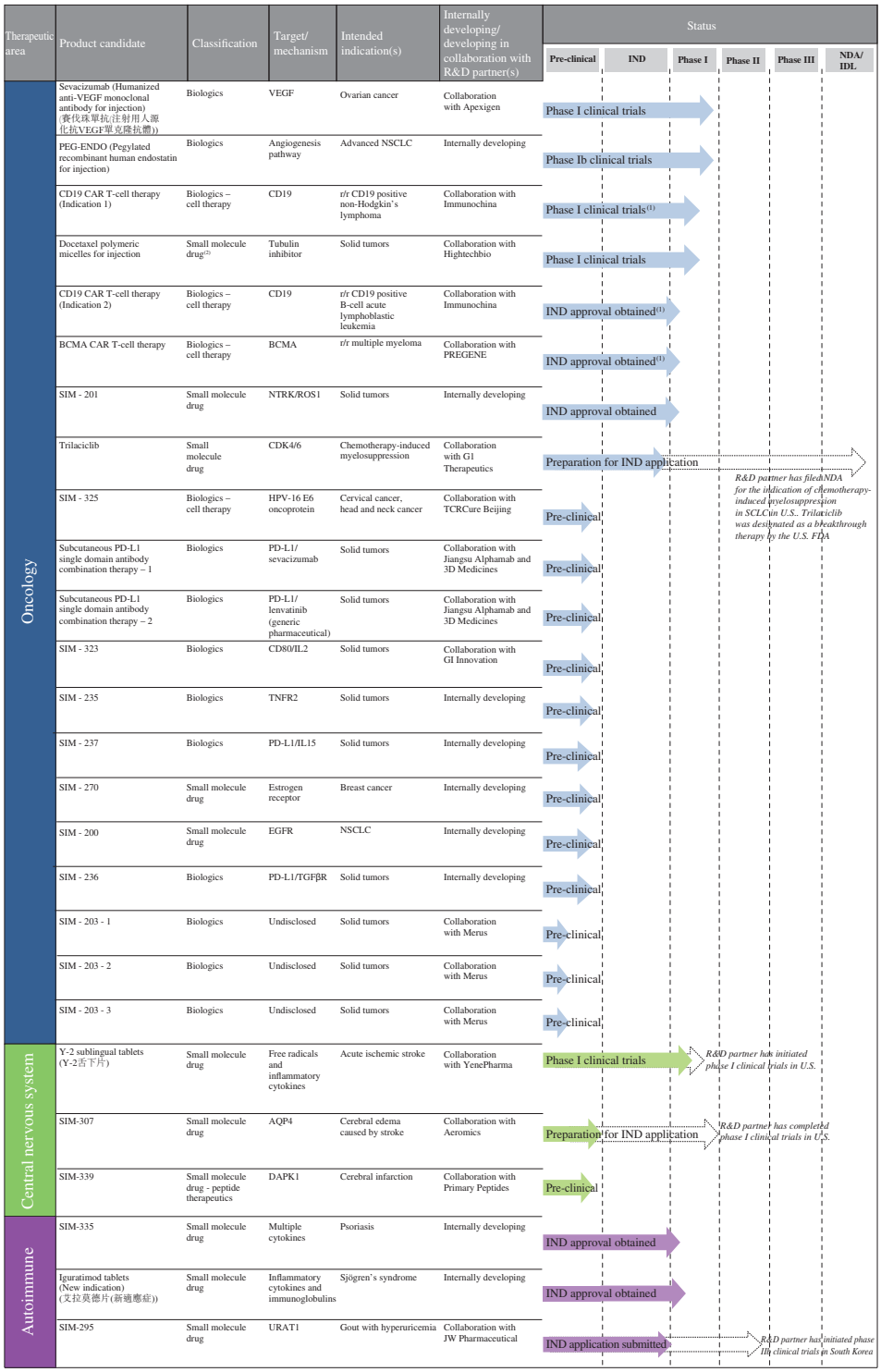
(4) We are the second to apply for the generic drugs approval (category III generic pharmaceutical) in China for apremilast tablets, according to Frost & Sullivan. Apremilast has been included in the "List of the Overseas New Drugs Urgently Needed in Clinical Settings" (《臨床急需境外新藥名單》).

(5) For cinacalcet hydrochloride tablets and sevelamer carbonate tablets, we are the third to apply for the generic drugs approval (category IV generic pharmaceutical) in China, according to Frost & Sullivan.

(6) We are the second to apply for the generic drugs approval (category IV generic pharmaceutical) for nifedipine controlled-release tablets, according to Frost & Sullivan, which utilize osmotic pump laser-beam drilling technology.

Innovative Product Pipeline

As of the Latest Practicable Date, we had a pipeline of nearly 50 innovative product candidates in different stages of development which we are either internally developing or developing in collaboration with R&D partners. The following table sets forth selected information of our key innovative product candidates:



Therapeutic area	Product candidate	Classification	Target/ mechanism	Intended indication(s)	Internally developing/ developing in collaboration with R&D partner(s)	Status
Oncology	Sevacizumab (Humanized anti-VEGF monoclonal antibody for injection) (賽伐珠單抗注射用人源化抗VEGF單克隆抗體))	Biologics	VEGF	Ovarian cancer	Collaboration with Apexigen	Phase I clinical trials
Oncology	PEG-ENDO (Pegylated recombinant human endostatin for injection)	Biologics	Angiogenesis pathway	Advanced NSCLC	Internally developing	Phase Ib clinical trials
Oncology	CD19 CAR T-cell therapy (Indication 1)	Biologics – cell therapy	CD19	r/r CD19 positive non-Hodgkin's lymphoma	Collaboration with Immunochina	Phase I clinical trials(1)
Oncology	Docetaxel polymeric micelles for injection	Small molecule drug(2)	Tubulin inhibitor	Solid tumors	Collaboration with Hightechbio	Phase I clinical trials
Oncology	CD19 CAR T-cell therapy (Indication 2)	Biologics – cell therapy	CD19	r/r CD19 positive B-cell acute lymphoblastic leukemia	Collaboration with Immunochina	IND approval obtained(1)
Oncology	BCMA CAR T-cell therapy	Biologics – cell therapy	BCMA	r/r multiple myeloma	Collaboration with PREGENE	IND approval obtained(1)
Oncology	SIM - 201	Small molecule drug	NTRK/ROS1	Solid tumors	Internally developing	IND approval obtained
Oncology	Trilaciclib	Small molecule drug	CDK4/6	Chemotherapy-induced myelosuppression	Collaboration with G1 Therapeutics	Preparation for IND application; *R&D partner has filed NDA for the indication of chemotherapy-induced myelosuppression in SCLC in U.S.. Trilaciclib was designated as a breakthrough therapy by the U.S. FDA*
Oncology	SIM - 325	Biologics – cell therapy	HPV-16 E6 oncoprotein	Cervical cancer, head and neck cancer	Collaboration with TCRCure Beijing	Pre-clinical
Oncology	Subcutaneous PD-L1 single domain antibody combination therapy – 1	Biologics	PD-L1/ sevacizumab	Solid tumors	Collaboration with Jiangsu Alphamab and 3D Medicines	Pre-clinical
Oncology	Subcutaneous PD-L1 single domain antibody combination therapy – 2	Biologics	PD-L1/ lenvatinib (generic pharmaceutical)	Solid tumors	Collaboration with Jiangsu Alphamab and 3D Medicines	Pre-clinical
Oncology	SIM - 323	Biologics	CD80/IL2	Solid tumors	Collaboration with GI Innovation	Pre-clinical
Oncology	SIM - 235	Biologics	TNFR2	Solid tumors	Internally developing	Pre-clinical
Oncology	SIM - 237	Biologics	PD-L1/IL15	Solid tumors	Internally developing	Pre-clinical
Oncology	SIM - 270	Small molecule drug	Estrogen receptor	Breast cancer	Internally developing	Pre-clinical
Oncology	SIM - 200	Small molecule drug	EGFR	NSCLC	Internally developing	Pre-clinical
Oncology	SIM - 236	Biologics	PD-L1/TGFβR	Solid tumors	Internally developing	Pre-clinical
Oncology	SIM - 203 - 1	Biologics	Undisclosed	Solid tumors	Collaboration with Merus	Pre-clinical
Oncology	SIM - 203 - 2	Biologics	Undisclosed	Solid tumors	Collaboration with Merus	Pre-clinical
Oncology	SIM - 203 - 3	Biologics	Undisclosed	Solid tumors	Collaboration with Merus	Pre-clinical
Central nervous system	Y-2 sublingual tablets (Y-2舌下片)	Small molecule drug	Free radicals and inflammatory cytokines	Acute ischemic stroke	Collaboration with YenePharma	Phase I clinical trials; *R&D partner has initiated phase I clinical trials in U.S.*
Central nervous system	SIM-307	Small molecule drug	AQP4	Cerebral edema caused by stroke	Collaboration with Aeromics	Preparation for IND application; *R&D partner has completed phase I clinical trials in U.S.*
Central nervous system	SIM-339	Small molecule drug - peptide therapeutics	DAPK1	Cerebral infarction	Collaboration with Primary Peptides	Pre-clinical
Autoimmune	SIM-335	Small molecule drug	Multiple cytokines	Psoriasis	Internally developing	IND approval obtained
Autoimmune	Iguratimod tablets (New indication) (艾拉莫德片(新適應症))	Small molecule drug	Inflammatory cytokines and immunoglobulins	Sjögren's syndrome	Internally developing	IND approval obtained
Autoimmune	SIM-295	Small molecule drug	URAT1	Gout with hyperuricemia	Collaboration with JW Pharmaceutical	IND application submitted; *R&D partner has initiated phase IIb clinical trials in South Korea*

Notes:

(1) Phase II clinical trials could be used as the pivotal trials for NDA submission.

(2) Docetaxel polymeric micelles for injection is classified as a new formulation drug.

Please see "Business – Our Product Portfolio – Our Product Pipeline – Generic Product Pipeline" and "Business – Our Product Portfolio – Our Product Pipeline – Innovative Product Pipeline" for more details about our selected generic pharmaceutical and biosimilar candidates and key innovative product candidates.

MAJOR RECENT REGULATORY REFORMS

There have been a number of major regulatory reforms affecting the pharmaceutical industry in China in recent years, including (i) the dynamic adjustment of the NRDL, with its latest version came into force on January 1, 2020, from which our Bicun was excluded; (ii) the issuance of the "First Batch of National Key Drug List for Monitoring and Prescription Control (Chemical and Biological Products)" (《第一批國家重點監控合理用藥藥品目錄(化藥和生物製品)》) (the **"Control List**") in June 2019, which requires medical institutions to strictly monitor and control the clinical use of 20 key monitored pharmaceuticals included in the Control List. Bicun was included in the Control List; (iii) the launch of multiple centralized volume-based drug procurement schemes since November 2018; and (iv) the gradual implementation of "dual invoicing system" across China since early 2017. Please see "Regulatory Overview – Major Regulatory Reforms in the Pharmaceutical Industry" and "Business – Major Recent Regulatory Reforms" for more details. These major recent regulatory reforms had an adverse impact on sales of certain of our major products, including Endostar, Jiebaili, Bicun and Softan. Please see "Business – Major Recent Regulatory Reforms – Impacts of Major Recent Regulatory Reforms – Impacts on Sales of Our Major Products" for more details. However, we do not expect these major recent regulatory reforms to have a further material adverse impact on our business operations and financial performance in the near future.

OUR SUPPLIERS AND CUSTOMERS

Our Suppliers

Our suppliers primarily include (i) suppliers for the raw materials of our pharmaceutical products; and (ii) manufacturers of third-party pharmaceutical products. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our five largest suppliers collectively accounted for approximately 42.5%, 42.7%, 39.4% and 36.2% of our total purchases during the same periods, respectively, and purchases from our largest supplier accounted for approximately 14.6%, 19.0%, 15.7% and 20.4% of our total purchases during the same periods, respectively. Our five largest suppliers during the Track Record Period comprise raw material suppliers and manufacturers of third-party pharmaceutical products. Except for Jiangsu Simcare Pharmaceutical, all of our five largest suppliers during the Track Record Period are Independent Third Parties. We have had relationships with our five largest suppliers for four to 24 years as of the Latest Practicable Date. To the best of the knowledge of our Directors, except for Jiangsu Simcare Pharmaceutical, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Our Customers

Our customers primarily consist of (i) our distributors and pharmacy chains which directly purchase pharmaceutical products from us; and (ii) other pharmaceutical manufacturers to which we provide promotion services. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, sales to our five largest customers collectively accounted for approximately 14.0%, 12.8%, 9.9% and 10.5% of our total revenue during the same periods, respectively, and sales to our largest customer accounted for approximately 5.4%, 5.4%, 2.6% and 2.4% of our total revenue during the same periods, respectively. Our five largest customers during the Track Record Period comprise our distributors.

All of our five largest customers during the Track Record Period are Independent Third Parties. We have had relationships with our five largest customers for five to 22 years as of the Latest Practicable Date. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

Our Distributorship Model

We sell our products and third-party products primarily to distributors, which distribute such products to hospitals, other medical institutions and pharmacies in China. To a lesser extent, we also sell our products and third-party products directly to large-scale national or regional pharmacy chains in China. During the Track Record Period, revenue derived from sales to distributors accounted for 93.2%, 91.1%, 90.8% and 86.8%, respectively, of our total revenue from sales of pharmaceuticals for the same periods, while revenue derived from our direct sales accounted for 6.8%, 8.9%, 9.2% and 13.2%, respectively, of our total revenue from sales of pharmaceuticals for the same periods. To the best knowledge of our Directors, during the Track Record Period, all of our distributors were Independent Third Parties, and none of our distributors were wholly-owned or majority controlled by our current or ex-employees. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee or otherwise in the past or present) between the distributors engaged by us during the Track Record Period and us.

The following table sets forth the movement of the number of our distributors for the periods indicated below:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Number of distributors at the beginning of the period	492	722	827	750
Addition of new distributors	352	263	146	69
Termination of existing distributors	122	158	223	203
Net increase/(decrease) in distributors	230	105	(77)	(134)
Number of distributors at the end of the period	722	827	750	616

Please see "Business – Sales, Marketing and Distribution – Distributors" for more details about our distributorship model.

RISK FACTORS

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

- If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected.

- The prices of certain of our products are subject to pricing regulation, competition and other factors and therefore may decrease, which could materially and adversely affect our profitability.

- If we are unable to succeed in tender processes to sell our products to PRC public hospitals and other medical institutions, we may lose market share and our revenue and profitability could be materially and adversely affected.

- We are subject to changing legal and regulatory requirements in the PRC pharmaceutical industry, and new laws, rules and regulations may adversely affect our profitability or impose additional compliance burdens on us.

- If we or our business partners fail to maintain the necessary licenses for the development, production, promotion, sales and distribution of our products, our ability to conduct our business could be materially impaired and our revenue and profitability could be adversely affected.

- We are dependent on sales of a limited number of major products. If we are unable to maintain the sales volumes, pricing levels and profit margins of our major products, our revenues and profitability could be adversely affected.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Ultimate Controlling Shareholders, directly and indirectly, through SPHL, Artking, FFI, Simcere Holding and Simcere Investments, collectively held and were entitled to exercise the voting rights attaching to approximately 86.82% of the total issued share capital of our Company. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Ultimate Controlling Shareholders, directly and indirectly, through SPHL, Artking, FFI, Simcere Holding and Simcere Investments, will be collectively entitled to exercise the voting rights attaching to approximately 78.13% of the enlarged total issued share capital of our Company. Therefore, our Ultimate Controlling Shareholders, together with SPHL, Artking, FFI, Simcere Holding and Simcere Investments, will continue to be a group of our Controlling Shareholders after the Listing. For more details, please see "Relationship with Our Controlling Shareholders."

PRE-IPO INVESTORS

Several Pre-IPO Investors, including Premier Praise, King View, Fosun Industrial, Palace Investments, InnoPharma, CNCB HK and CNCB SPC (acting on behalf of CNCB Investment) were introduced to became the shareholders of our Group. For more details, please see "History, Reorganization and Corporate Structure – Pre-IPO Investments."

CONTRACTUAL ARRANGEMENTS

Our Group engages in the R&D of CAR T-cell therapy and T cell receptor-engineered T cell therapy, or TCR T-cell therapy. Such businesses carried out by Shanghai Xianbo are subject to foreign investment prohibitions under the PRC laws and regulations, and thus, we cannot directly or indirectly hold any equity interest in Shanghai Xianbo. On April 30, 2020, we, through our wholly-owned subsidiary, Shanghai Xianjing, entered into the Contractual Arrangements with Shanghai Xianbo, our Consolidated Affiliated Entity, and its Registered Shareholders, pursuant to which Shanghai Xianjing acquired effective control over the financial and operational policies of Shanghai Xianbo and has become entitled to all the economic benefits derived from its operations. Please see "Contractual Arrangements" for more details.

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 Accountants' Report set out in Appendix I to this prospectus.

Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
			(RMB'000)		
				(Unaudited)	
Revenue	3,867,908	4,514,204	5,036,658	2,414,023	1,925,413
Cost of sales	(586,301)	(771,195)	(888,486)	(428,429)	(388,130)
Gross profit	3,281,607	3,743,009	4,148,172	1,985,594	1,537,283
Other revenue	70,351	67,538	91,507	40,719	43,072
Other net (loss)/gain	(175,939)	90,501	15,941	10,271	(6,447)
Research and development costs	(212,309)	(447,148)	(716,412)	(252,532)	(454,091)
Selling and distribution expenses	(2,155,662)	(2,221,757)	(2,016,222)	(1,036,868)	(628,502)
Administrative and other operating expenses	(277,469)	(290,202)	(351,676)	(155,599)	(193,464)
Profit from operations	530,579	941,941	1,171,310	591,585	297,851
Finance income	25,146	36,253	34,724	24,889	10,851
Finance costs	(58,441)	(47,534)	(115,955)	(64,812)	(79,576)
Net finance costs	(33,295)	(11,281)	(81,231)	(39,923)	(68,725)
Share of losses of associates	–	(1,616)	(8,129)	(1,518)	(4,353)
Share of losses of a joint venture	–	–	(135)	–	(40)
Profit before taxation	497,284	929,044	1,081,815	550,144	224,733
Income tax	(146,872)	(195,357)	(78,191)	(89,136)	(39,898)
Profit for the year/period	350,412	733,687	1,003,624	461,008	184,835
Attributable to:					
Equity shareholders of the Company	350,409	733,687	1,003,624	461,008	185,518
Non-controlling interest	3	–	–	–	(683)

Revenue

Revenue by Businesses

The following table sets forth our revenue by businesses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Sales of pharmaceutical products[(1)]	3,836,979	99.2	4,309,148	95.5	4,800,323	95.3	2,283,550	94.6	1,803,398	93.7
Promotion service income	30,929	0.8	205,056	4.5	236,335	4.7	130,473	5.4	122,015	6.3
Total	3,867,908	100.0	4,514,204	100.0	5,036,658	100.0	2,414,023	100.0	1,925,413	100.0

Note:

(1) Revenue generated from sales of pharmaceutical products comprises revenue generated from the sales of our own pharmaceutical products and sales of third-party pharmaceutical products. Revenue generated from sales of third-party pharmaceutical products amounted to RMB358.7 million, RMB327.1 million, RMB376.4 million, RMB165.1 million and RMB200.5 million, respectively, for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

Revenue by Therapeutic Areas

The following table sets forth a breakdown of our revenue from sales of pharmaceutical products by therapeutic areas for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Oncology products	1,004,855	26.2	1,279,801	29.7	1,568,853	32.7	660,902	28.9	537,638	29.8
Central nervous system products	1,276,142	33.3	1,202,008	27.9	936,869	19.5	572,780	25.1	178,011	9.9
Autoimmune products	423,219	11.0	537,849	12.5	813,786	17.0	329,243	14.4	536,976	29.8
Cardiovascular products	243,432	6.3	353,082	8.2	445,468	9.3	216,008	9.5	181,894	10.1
Anti-infective products	564,699	14.7	579,476	13.4	635,719	13.2	305,933	13.4	211,165	11.7
Others[(1)]	324,632	8.5	356,932	8.3	399,628	8.3	198,684	8.7	157,714	8.7
Total	3,836,979	100.0	4,309,148	100.0	4,800,323	100.0	2,283,550	100.0	1,803,398	100.0

Note:

(1) Including pharmaceutical products for the treatment of other diseases, APIs and other healthcare products.

Revenue by Major Products

The following table sets forth the sales of our major products in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
Endostar	669,662	17.3	856,830	19.0	1,136,547	22.6	457,484	19.0	388,588	20.2
Bicun	1,244,176	32.2	1,198,595	26.6	936,901	18.6	572,788	23.7	178,020	9.2
Iremod	159,025	4.1	291,687	6.5	520,157	10.3	203,828	8.4	389,514	20.2
Softan	179,152	4.6	277,666	6.2	334,852	6.6	166,916	6.9	121,644	6.3
Yingtaiqing[(1)]	261,533	6.8	242,832	5.4	289,912	5.8	123,681	5.1	146,155	7.6
Newanti	257,138	6.6	258,184	5.7	283,907	5.6	136,851	5.7	99,924	5.2
ZAILIN	189,163	4.9	187,427	4.2	199,706	4.0	93,945	3.9	54,586	2.8
Jepaso	132,909	3.4	162,361	3.6	173,104	3.4	79,044	3.3	66,240	3.4
Sinofuan	116,582	3.0	115,710	2.6	128,265	2.5	54,283	2.2	57,528	3.0
Jiebaili	85,664	2.2	144,833	3.2	127,033	2.5	70,090	2.9	18,371	1.0
Total major products	3,295,004	85.1	3,736,125	83.0	4,130,384	81.9	1,958,910	81.1	1,520,570	78.9

Note:

(1) Including sales of Yingtaiqing-branded diclofenac sodium sustained-release capsules sourced from CPU Pharma as well as Yingtaiqing-branded diclofenac sodium sustained-release capsules and Yingtaiqing-branded diclofenac sodium gel manufactured by us.

Our revenue from sales of pharmaceutical products increased by 12.3% from RMB3,837.0 million in 2017 to RMB4,309.1 million in 2018, primarily due to increases in revenue from sales of oncology, autoimmune and cardiovascular products. Such increases were primarily driven by increased revenue from sales of Endostar, Iremod and Softan, which was mainly due to their increased sales volumes. Our revenue from sales of pharmaceutical products increased by 11.4% from RMB4,309.1 million in 2018 to RMB4,800.3 million in 2019, primarily due to increases in revenue from sales of oncology, autoimmune, cardiovascular and anti-infective products, which was offset by a decrease in revenue from sales of central nervous system products. Increases in our revenue from sales of oncology, autoimmune and cardiovascular products were primarily driven by increased revenue from sales of Endostar, Iremod and Softan, which was mainly due to their increased sales volumes. The increase in our revenue from sales of anti-infective products was primarily driven by increased revenue from sales of Newanti and ZAILIN. The decrease in our revenue from sales of central nervous system products was primarily driven by decreased revenue from sales of Bicun as a result of its decreased sales volume due to its inclusion in the Control List. Our revenue from sales of pharmaceutical products decreased by 21.0% from RMB2,283.6 million

for the six months ended June 30, 2019 to RMB1,803.4 million for the six months ended June 30, 2020, primarily due to decreases in revenue from sales of oncology, central nervous system, cardiovascular and anti-infective products, mainly driven by (i) decreased pricing level of Endostar as a result of the national medical insurance pricing negotiation process for renewing its inclusion in the NRDL, the latest version of which came into force on January 1, 2020; and (ii) decreased sales volume of Bicun as a result of its exclusion from the latest version of the NRDL; (iii) decreased sale volumes of Jiebaili and Softan as Softan did not win in the bidding processes under the centralized volume-based drug procurement schemes, while Jiebaili was ineligible for bidding because it had yet to pass the consistency evaluation; and (iv) decreased sales volumes of Newanti and ZAILIN caused by the COVID-19 outbreak. The increase in our revenue from sales of autoimmune products was primarily driven by increased revenue from sales of Iremod as a result of its increased sales volume.

Our promotion service income increased significantly from 2017 to 2018, primarily due to the gradual implementation of the "dual invoicing system" across China from early 2017, which is aimed at eliminating the multi-tiered distribution of pharmaceutical products by allowing a maximum of two invoices between a manufacturer and a public medical institution and currently applies to the sales of all pharmaceutical products to public medical institutions in all provinces, municipalities and autonomous regions in China. As a result, we have gradually ceased to purchase products from third-party pharmaceutical companies for subsequent on-selling and distribution to medical institutions through our distributors, due to the existence of more than two invoices under such sales model. Instead, we provide promotion services in respect of third-party pharmaceutical products distributed to medical institutions. Our promotion service income further increased from 2018 to 2019, primarily due to increased revenue from promoting OLMETEC PLUS developed and manufactured by Daiichi Sankyo, which was mainly attributable to the increased market share of such product. Our promotion service income decreased from the six months ended June 30, 2019 to the six months ended June 30, 2020, primarily due to the decrease in demand for certain third-party pharmaceutical products caused by the COVID-19 outbreak.

Please see "Financial Information – Period to Period Comparison of Results of Operations" for more details.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less cost of sales. Gross profit margin represents gross profit divided by total revenue, expressed as percentage. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our gross profit was RMB3,281.6 million, RMB3,743.0 million, RMB4,148.2 million and RMB1,537.3 million, respectively, and our gross profit margin was 84.8%, 82.9%, 82.4% and 79.8%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross Profit	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*
	(RMB'000, except percentages)						*(Unaudited)*			
Sales of pharmaceutical products	3,274,719	85.3%	3,684,878	85.5%	4,074,523	84.9%	1,946,404	85.2%	1,494,640	82.9%
Promotion services	6,888	22.3%	58,131	28.3%	73,649	31.2%	39,190	30.0%	42,643	34.9%
Total	3,281,607	84.8%	3,743,009	82.9%	4,148,172	82.4%	1,985,594	82.3%	1,537,283	79.8%

Our gross profit margin decreased from 84.8% in 2017 to 82.9% in 2018 and remained relatively stable at 82.9% in 2018 and 82.4% in 2019. The decrease from 2017 to 2018 was due to a higher proportion of revenue generated from promotion services, whose gross profit margin was lower than the gross profit margin of sales of pharmaceutical products. Our gross profit margin decreased from 82.3% for the six months ended June 30, 2019 to 79.8% for the six months ended June 30, 2020, primarily due to a decrease in the gross profit margin of sales of pharmaceutical products which was mainly attributable to (i) a lower proportion of sales of Bicun, a high gross profit margin product; and (ii) the decreased pricing level of Endostar. Please see "Financial Information – Period to Period Comparison of Results of Operations" for more details.

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB'000)			
Total current assets	2,784,021	3,665,628	2,897,641	3,605,949
Total non-current assets	2,410,997	2,672,707	3,869,229	4,146,689
Total current liabilities	2,531,791	4,111,400	3,428,505	3,863,131
Total non-current liabilities	882,074	661,801	1,857,901	2,030,691
Total assets	5,195,018	6,338,335	6,766,870	7,752,638
Net current assets/(liabilities)	252,230	(445,772)	(530,864)	(257,182)
Total assets less current liabilities	2,663,227	2,226,935	3,338,365	3,889,507
Net assets	1,781,153	1,565,134	1,480,464	1,858,816
Attributable to:				
Equity shareholders of the Company	1,779,150	1,565,134	1,480,464	1,820,317
Non-controlling interest	2,003	–	–	38,499

Our net assets decreased by 12.1% from RMB1,781.2 million as of December 31, 2017 to RMB1,565.1 million as of December 31, 2018, and further decreased by 5.4% to RMB1,480.5 million as of December 31, 2019, primarily because we declared dividends in 2018 and 2019. Our net assets increased by 25.6% from RMB1,480.5 million as of December 31, 2019 to RMB1,858.8 million as of June 30, 2020, primarily because in the first half of 2020, (i) we did not declare any dividends, and (ii) we recorded net fair value gains on our financial assets at fair value through other comprehensive income.

We recorded net current liabilities of RMB445.8 million, RMB530.9 million and RMB257.2 million as of December 31, 2018 and 2019 and June 30, 2020, primarily due to our high level of current portion of bank loans of RMB1,979.3 million, RMB1,644.0 million and RMB2,279.2 million as of the same dates, respectively. We plan to further improve our net current liabilities position through (i) cash generated from our business operations, (ii) net proceeds from the Global Offering and (iii) debt restructuring to reduce the percentage of short-term bank loans.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
			(RMB'000)		
				(Unaudited)	
Operating profit before changes in working capital	817,604	985,937	1,328,540	653,722	414,050
Changes in working capital	244,946	(55,437)	(290,880)	190,821	(498,433)
Tax paid	(123,474)	(154,683)	(264,857)	(190,191)	(143,275)
Net cash generated from/(used in) operating activities	939,076	775,817	772,803	654,352	(227,658)
Net cash used in/generated from investing activities	(508,390)	(472,401)	(592,928)	(200,954)	496,173
Net cash (used in)/generated from financing activities	(347,317)	311,285	(1,012,950)	(1,029,062)	(26,805)
Net increase/(decrease) in cash and cash equivalents	83,369	614,701	(833,075)	(575,664)	241,710
Cash and cash equivalents at the beginning of the year/period	489,333	572,584	1,187,647	1,187,647	354,804
Effect of foreign exchange rate changes	(118)	362	232	(246)	(598)
Cash and cash equivalents at the end of the year/period	572,584	1,187,647	354,804	611,737	595,916

Our operating cash outflow for the six months ended June 30, 2020 was primarily due to (i) a decrease in our sales; (ii) the prolonged settlement of trade receivables by our customers in light of the COVID-19 outbreak; and (iii) increased research and development costs to support our continued R&D efforts. We expect to improve our operating cash flow position through (i) increases in our sales and profitability (please see "Financial Information – Recent Developments on Our Financial Performance" for more details), which are expected to further enhance our operating efficiency and create greater economies of scale; and (ii) strengthening our credit management and collection efforts as the COVID-19 outbreak has been contained in China. Please see "Financial Information – Liquidity and Capital Resources – Cash Flows" for details of our cash flows.

Key Financial Ratios

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

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Profitability ratios				
Return on equity	21.3%	43.9%	65.9%	N/A
Return on total assets	7.5%	12.7%	15.3%	N/A

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Liquidity ratios				
Current ratio	1.10	0.89	0.85	0.93
Quick ratio	1.03	0.83	0.77	0.86
Capital adequacy ratio				
Gearing ratio	74.0%	148.1%	198.7%	201.1%

Please see "Financial Information – Key Financial Ratios" for descriptions of the calculation of and the reasons for fluctuations of the above ratios. Our gearing ratio increased during the Track Record Period, primarily due to increases in our total borrowings.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2020

We have prepared the following profit forecast for the year ending December 31, 2020.

Forecast consolidated profit attributable to equity shareholders of the Company[(1)]	Not less than RMB480 million (equivalent to HK$542 million)[(3)]
Unaudited pro forma forecast earnings per Share[(2)]	Not less than RMB0.18 (equivalent to HK$0.21)[(3)]

Notes:

(1) The bases and assumptions on which the above profit forecast for the year ending December 31, 2020 has been prepared are summarized in "Profit Forecast" in Appendix III to this prospectus. Our forecast consolidated profit attributable to equity shareholders of the Company for the year ending December 31, 2020 prepared by our Directors is based on (i) the audited consolidated financial information of our Group for the six months ended June 30, 2020; (ii) the unaudited consolidated results based on management accounts of our Group for the two months ended August 31, 2020; and (iii) a forecast of the consolidated results of our Group for the remaining four months ending December 31, 2020, in the absence of unforeseen circumstances. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as summarized in "Accountants' Report" as set out in Appendix I to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2020 is based on the forecast consolidated profit attributable to equity shareholders of the Company for the year ending December 31, 2020, assuming the Global Offering had been completed on January 1, 2020 and a total of 2,605,686,618 Shares were in issue during the entire year, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The forecast consolidated profit attributable to the equity shareholders of the Company and unaudited pro forma forecast earnings per Share in RMB are converted to Hong Kong dollars at the rate of HK$1.00 to RMB0.8852. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars at that rate or at any other rate.

RECENT DEVELOPMENTS

Outbreak of Novel Coronavirus Disease 2019

There has been an outbreak of an infectious disease caused by a novel coronavirus (the "**COVID-19**"). The disease quickly spread within the PRC and globally and materially and adversely affected the global economy.

Our Directors are of the view that the recent outbreak of COVID-19 worldwide has had the following impact on our business, results of operations and financial condition:

- ***Product sales***: The sales of our products, as well as third-party products we sell and/or promote, were adversely impacted. With the outbreak of COVID-19, many hospitals in China allocated significant resources to contain COVID-19, and patients suffering from other diseases generally avoided going to hospitals in order to prevent being infected. As a result, the demand for our products and third-party products we sourced from third-party pharmaceutical companies decreased and

some of our distributors reduced their purchases in response to the lowered demand. Meanwhile, pharmacies were not allowed to sell antibiotics, antipyretics and antitussives during the COVID-19 prevention and control period, which had an adverse impact on our sales of relevant products to pharmacy chains. Additionally, our marketing and promotion activities and those of our third-party promoters were postponed or cancelled due to traffic disruption or because the priority of many medical institutions and healthcare professionals became the treatment and containment of COVID-19. Consequently, the timing and the effectiveness of our marketing and promotion efforts as well as those of our third-party promoters were adversely affected. As of the Latest Practicable Date, our sales activities had resumed normal and our major direct customers and end customers had resumed normal and full operations.

- ***Production***: As required by the competent authorities in the PRC, we postponed the resumption of operations of certain production facilities. Such production suspension lasted for a few days but less than one month, with no material adverse impact on our performance of obligations contemplated under the agreements between our customers and us. The delay in resuming operations after the Chinese New Year holiday and the self-quarantine of certain employees had resulted in a decrease of production volume as compared to the originally planned production volume for 2020. However, production workers in certain of our production workshops continued to work overtime during the Chinese New Year holiday to manufacture certain of our antivirals. As of the Latest Practicable Date, all of our production facilities had resumed normal and full operations.

- ***Supply chain***: We encountered temporary shortage of raw materials essential for production of certain of our products due to the outbreak of COVID-19. However, our procurement department managed to secure the supply of such raw materials with no material extra cost incurred. Therefore, such temporary shortage did not have a material adverse impact on production of our products. As of the Latest Practicable Date, all of our suppliers had resumed normal operations.

- ***Research and development***: Our research and development teams in Nanjing, Shanghai and Boston have already resumed working, however, there were slight delays in conducting certain studies. In addition, the continuance of COVID-19 outside of China have led to delays in research and development progress of our overseas collaboration partners. Despite such delays, COVID-19 outbreak did not have any material adverse impact on research and development progress of our product candidates.

- ***Clinical trials***: We were conducting clinical trials for PEG-ENDO pegylated recombinant human endostatin for injection, Y-2 sublingual tablets and salmeterol xinafoate and fluticasone propionate powder for inhalation at the time of COVID-19 outbreak. To the knowledge of our Directors, due to the outbreak of COVID-19, the patient recruitment and enrollment process as well as clinical trials of such three

product candidates were delayed as compared to the original schedule. However, such delays did not have a material adverse impact on our clinical research. With the containment of COVID-19 in China, the clinical research of our product candidates has resumed as normal. In addition, the outbreak of COVID-19 had limited impact on our product candidates pending initiation of clinical trials. The research and development of such product candidates have been moving forward as planned. Please see "Business – Our Product Portfolio – Our Product Pipeline – Generic Product Pipeline" and "Business – Our Product Portfolio – Our Product Pipeline – Innovative Product Pipeline" for detailed research and development status of our selected generic pharmaceutical and biosimilar candidates and key innovative product candidates, which have taken into account the impact of COVID-19 outbreak.

- ***Product registration***: To the knowledge of our Directors, after the outbreak of COVID-19, the NMPA allocated a significant portion of its resources to evaluate and register products that may benefit the prevention and treatment of COVID-19, and the evaluation process for other pharmaceuticals, including our product candidates, was delayed. However, such delay did not have any material adverse impact on the evaluation and registration of our product candidates. To the knowledge of our Directors, the NMPA resumed normal operations in April 2020. With the containment of COVID-19 in China, the evaluation and registration of our product candidates have resumed as normal.

- ***Operations***: We adopted a strict disease prevention scheme to reduce the risk of our employees from infection of COVID-19. The measures implemented include, among others, sterilizing our workplaces twice a day, ventilating our workplaces, requiring employees to return to work in batches, segmenting lunch time, monitoring the body temperature of employees twice a day, and keeping track of the travel history and health of employees and their immediate family members. As of the Latest Practicable Date, all of our employees had returned to work.

The COVID-19 outbreak had an adverse impact on the overall pharmaceutical market in China due to a decrease in patient visits of medical institutions. According to Frost & Sullivan, total outpatient visits of medical institutions in China decreased by 26.1% from 2,750.2 million for the four months ended April 30, 2019 to 2,033.7 million for the four months ended April 30, 2020, while total inpatient visits of medical institutions in China decreased by 21.8% from 84.7 million for the four months ended April 30, 2019 to 66.2 million for the four months ended April 30, 2020. Specifically, among our major products, Endostar, Jepaso, Jiebaili, Sinofuan, Bicun and Newanti are injectables or implants, which, unlike oral preparations, require precise administration by qualified healthcare professionals in medical institutions. Due to the decrease in patient visits of medical institutions resulting from the COVID-19 outbreak, the demand for, as well as the sales of, certain of our relevant major products were adversely affected.

In addition to the adverse impact on our revenue and net profit for the six months ended June 30, 2020 (please see "– Recent Developments on Our Financial Performance" and "Financial Information – Recent Developments on Our Financial Performance"), certain other profit and loss and financial position items for the six months ended and as of June 30, 2020 were affected by the COVID-19 outbreak, including a decrease in our selling and distribution expenses and an increase in trade and bills receivables together with increased trade receivables turnover days. Please see "Financial Information – Description of Key Statements of Profit or Loss Items – Selling and Distribution Expenses" and "Financial Information – Certain Balance Sheet Items – Trade and Bills Receivables" for more details. The COVID-19 outbreak also contributed to our operating cash outflow position for the six months ended June 30, 2020. Please see "Financial Information – Liquidity and Capital Resources – Cash Flows" for more details.

The COVID-19 outbreak has been contained in China since April 2020 due to strict government control measures and the number of patient visits of medical institutions in China has been recovering. According to Frost & Sullivan, total outpatient visits of medical institutions in China decreased by 13.1% from 1,420.1 million for the two months ended June 30, 2019 to 1,234.0 million for the two months ended June 30, 2020, while total inpatient visits of medical institutions in China decreased by 6.2% from 42.5 million for the two months ended June 30, 2019 to 39.8 million for the two months ended June 30, 2020. We recorded a slight increase in total revenue generated from sales of our major products (other than Bicun) for the four months ended August 31, 2020, compared to that for the four months ended August 31, 2019.

However, in the worst case scenario, assuming that (i) there will be no other sources of funding except for capital resources of RMB2,577.2 million on hand, consisting of cash and cash equivalents of RMB595.9 million, financial assets at fair value through profit or loss and other comprehensive income of RMB1,133.3 million and unutilized credit facilities of RMB848.0 million (excluding certain unutilized facilities conditionally granted upon the pledge of deposits or bank acceptance bills) as of June 30, 2020; net cash flows from our current operating assets and liabilities as of June 30, 2020, taking into consideration of prudent estimates of settlement of trade receivables and trade payables based on historical settlement pattern; and 10% of the net proceeds from the Global Offering based on the low-end of the Offer Price range to be used for working capital and general corporate purposes, and (ii) we will only keep our current general operation employees and incur fixed administrative costs, we expect to be able to maintain financial viability for at least next 22 months from June 30, 2020.

Major Developments on Our Product Portfolio

In February and May 2020, we applied for generic drugs approvals in China for three of our selected generic pharmaceuticals, namely, palbociclib capsules, apremilast tablets and nifedipine controlled-release tablets. Please see "Business – Our Product Portfolio – Our Product Pipeline – Generic Product Pipeline" for more details.

We entered into collaboration agreements with Jiangsu Alphamab and 3D Medicines in March 2020, which have granted us an exclusive right to promote KN035, potentially the first subcutaneously injectable anti-PD-L1 monoclonal antibody worldwide, according to Frost & Sullivan, for all oncology indications in China. Our collaboration partners are currently conducting phase II clinical trials of KN035 for deficient mismatch repair/microsatellite instability-high, or dMMR/MSI-H, colorectal carcinoma and other advanced solid tumors and phase III clinical trials for advanced biliary tract cancer, or BTC, in mainland China as well as phase I clinical trials in the United States and Japan. Please see "Business – Our Collaboration Arrangements" for more details.

We have entered into collaboration agreements with certain collaboration partners in February and March 2020, as amended in May 2020, pursuant to which, we are collaborating with such collaboration partners on the development and commercialization of three CAR T-cell therapy candidates. We have obtained the IND approvals for such three CAR T-cell therapy candidates. Please see "Business – Our Product Portfolio – Our Product Pipeline – Innovative Product Pipeline – Oncology Product Candidates – 3. CD19 CAR T-cell Therapies" and "Business – Our Product Portfolio – Our Product Pipeline – Innovative Product Pipeline – Oncology Product Candidates – 4. BCMA CAR T-cell Therapy" for more details.

In May 2020, our Nanjing facility has successfully passed the NMPA on-site inspection for the purpose of reviewing the NDA for our edaravone and dexborneol concentrated solution for injection. In July 2020, our Sanbexin (edaravone and dexborneol concentrated solution for injection) obtained the NDA approval.

In August 2020, we entered into an exclusive license agreement with G1 Therapeutics for the development and commercialization of trilaciclib, an investigational therapy designed to improve prognosis of cancer patients treated with chemotherapy, in the Greater China. Please see "Business – Our Product Portfolio – Our Product Pipeline – Innovative Product Pipeline" for more details.

In August 2020, we launched Orencia (abatacept injection) in China. Please see "Business – Our Product Portfolio – Our Existing Product Portfolio – Autoimmune Products – Orencia® (abatacept injection) 恩瑞舒®(阿巴西普注射液)" for more details. In the same month, we launched Sanbexin (edaravone and dexborneol concentrated solution for injection) in China. Please see "Business – Our Product Portfolio – Our Existing Product Portfolio – Central Nervous System Products – Sanbexin™ (edaravone and dexborneol concentrated solution for injection) 先必新®(依達拉奉右莰醇注射用濃溶液)" for more details. We expect that with

Orencia and Sanbexin, along with our robust pipeline of nearly 50 innovative product candidates in different stages of development, we are better positioned to compete in the pharmaceutical market in China on the basis of the following:

- ***Favorable government policies:*** In recent years, the PRC government has promulgated a series of favorable policies on, including, among others, accelerated drug evaluation and approval processes and more flexible adjustment for inclusion in the NRDL, to encourage the research and development, launch as well as sales of innovative pharmaceuticals;

- ***Significant commercialization potential:*** We have strategically focused on development of innovative product candidates which have the potential to address unmet medical needs and/or offer more effective treatment therapies to patients. Therefore, we expect to benefit from the significant commercialization potential brought by such innovative pharmaceuticals upon their launch; and

- ***High profit margins:*** We believe innovative pharmaceuticals are generally subject to more limited competition and relatively lower pricing pressure in centralized tender processes, thereby allowing us to command higher profit margins.

Recent Developments on Our Financial Performance

Our revenue and net profit decreased significantly in the six months ended June 30, 2020 compared to that of the same period in 2019, and we expect to record decreases in revenue and net profit for the year ending December 31, 2020 as compared to those for the year ended December 31, 2019. We currently expect the consolidated profit attributable to equity shareholders of the Company for the year ending December 31, 2020 to be not less than RMB480 million. Please see "Appendix III – Profit Forecast." These decreases were primarily due to (i) the outbreak of COVID-19 which resulted in a decrease in demand for pharmaceutical products in general, according to Frost & Sullivan; (ii) a decrease in sales of Bicun as a result of its exclusion from the latest version of the NRDL which came into force on January 1, 2020; (iii) an increase in research and development costs to support our continued R&D efforts; (iv) a decrease in sales of Endostar as a result of the decrease in its pricing level attributable to the national medical insurance pricing negotiation process for renewing its inclusion in the latest version of the NRDL; and (v) a decrease in sales of Softan and Jiebaili as Softan did not win in the bidding processes under the centralized volume-based drug procurement schemes, while Jiebaili was ineligible for bidding because it had yet to pass the consistency evaluation. We believe that we will be able to mitigate the above-mentioned deteriorating financial performance and downward pressure on our profitability in the near future because (i) we expect our revenue contribution from innovative drugs to further increase; (ii) we also expect to launch a number of generic drug candidates in the next few years; (iii) we currently do not anticipate a further material adverse impact on our financial performance brought by the major recent regulatory reforms; and (iv) our financial performance in 2020 is affected by certain matters which are non-recurring in nature. Please see "Financial Information – Recent Developments on Our Financial Performance" for more details.

Our Directors confirm that, other than as stated above, up to the date of this prospectus, (i) there has been no material adverse change in our financial or trading position since June 30, 2020; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

POST-TRACK RECORD PERIOD ACQUISITION

Minority Investment in TCRCure Companies

On December 31, 2018, an investment agreement was entered into among TCRCure Beijing, TCRCure US, the then shareholders of TCRCure Beijing, Simcere Pharmaceutical and three other investors, pursuant to which Simcere Pharmaceutical agreed to invest in TCRCure Beijing and TCRCure US at an investment amount of RMB50,000,000. As of the Latest Practicable Date, such minority investment has not been completed. Please see "History, Reorganization and Corporate Structure – Post-Track Record Period Acquisition" for more details.

OFFERING STATISTICS

Offer size:	Initially approximately 10% of our total number of Offer Shares
Over-allotment Option:	Up to 15% of our initial Offer Shares
Offer Price per Offer Share:	HK$12.10 to HK$13.70 per Offer Share
Offering Structure:	Approximately 90% International Offering and 10% Hong Kong Public Offering (subject to reallocation and the Over-allotment Option)

	Based on an Offer Price of HK$12.10 per Offer Share	**Based on an Offer Price of HK$13.70 per Offer Share**
Market capitalization of Offer Shares	HK$3,152.9 million	HK$3,569.8 million
Market capitalization of our Shares upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)	HK$31,528.8 million	HK$35,697.9 million
Unaudited pro forma adjusted net tangible assets per Offer Share[(1)]	HK$1.83	HK$1.99

Note:

(1) Please see "Appendix II – Unaudited Pro Forma Financial Information" for further details regarding the assumptions used and the calculations method.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisers, the Reporting Accountants and other professional advisers for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB150.5 million (equivalent to HK$170.1 million), representing 5.06% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) of the Global Offering. During the Track Record Period, we incurred listing expenses of RMB17.3 million (equivalent to HK$19.6 million), of which approximately RMB13.9 million (equivalent to HK$15.7 million) was charged to the consolidated statements of profit or loss for the six months ended June 30, 2020 as administrative and other operating expenses and approximately RMB3.5 million (equivalent to HK$3.9 million) was capitalized as prepayments, deposits and other receivables in the consolidated statements of financial position as of June 30, 2020 to be charged against equity upon successful Listing. We expect to incur additional listing expenses of approximately RMB133.2 million (equivalent to HK$150.5 million), of which approximately RMB24.5 million (equivalent to HK$27.6 million) is expected to be recognized as administrative and other operating expenses and approximately RMB108.7 million (equivalent to HK$122.8 million) is expected to be recognized as a deduction in equity directly upon the Listing.

DIVIDENDS

We declared dividends of approximately US$131.1 million (equivalent to RMB900.00 million) and approximately US$93.8 million (equivalent to RMB635.07 million) in 2018 and 2019, respectively, which have been fully settled. Other than that, no dividend has been proposed, paid or declared by us during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio.

Our Board may declare dividends in the future after taking into account our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Ordinance, including the approval of our Shareholders. Please see "Financial Information – Dividends" for more details.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$12.90 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$3,191.3 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We plan to continue to strengthen our in-house R&D team and increase our investment in R&D and will use a majority of the net proceeds of the Global Offering to fund the continued research and development of our selected product candidates, with the view to supporting our transition to become an innovation and R&D-driven pharmaceutical company. We intend to use the net proceeds of the Global Offering for the following purposes:

Percentage of Net Proceeds	Future Plans	Approximately HK$ in millions
60%	Continued research and development of our selected product candidates in our strategically focused therapeutic areas.	1,914.8
10%	Reinforcement of our sales and marketing capabilities, including (i) recruitment of around 3,000 additional sales and marketing personnel with extensive knowledge and/or experience in pharmaceutical industry over three years to increase our coverage of medical institutions; (ii) provision of in-house and external training to our sales and marketing personnel to enhance their knowledge about our products and professional skills; and (iii) academic marketing efforts to enhance healthcare professionals' knowledge about the newly-launched and near-commercial products in our product portfolio.	319.1
10%	Investment in companies in the pharmaceutical or biotechnology sector in the next few years, with a view to broadening our product portfolio. We intend to consider both domestic and overseas companies with commercialized products or product candidates under development which have significant commercial value and the potential to address unmet medical needs. We may consider acquisitions or minority investments when appropriate opportunities arise. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to investments and had not identified any definite investment targets.	319.1
10%	Repayment of certain of our outstanding bank loans with maturity dates on December 1, 2020, January 7, 2021 and April 27, 2021, respectively.	319.1
10%	Working capital and other general corporate purposes.	319.1

Please see "Future Plans and Use of Proceeds" for more details.