
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section headed “Business – Our Strategies” for a detailed description of our future plans. In particular, 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.

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 intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 60% (or HK\$1,914.8 million) will be allocated to the continued research and development of our selected product candidates in our strategically focused therapeutic areas as follows:
 - approximately 45% (or HK\$1,436.1 million) will be used for the continued research and development of our selected oncology product candidates, consisting of:
 - (1) approximately 19% (or HK\$606.3 million) for our selected oncology product candidates that are currently at clinical stages or pending initiation of clinical trials, as illustrated in the table below:

Product candidate	Status	Estimated amount of net proceeds allocated (approximately HK\$ in millions)
Bevacizumab biosimilar	Pivotal registrational trials	76.6
Sevacizumab (Humanized anti-VEGF monoclonal antibody for injection)	Phase I clinical trials	114.9
PEG-ENDO (Pegylated recombinant human endostatin for injection)	Phase Ib clinical trials	95.7
CD19 CAR T-cell therapy (Indication 1)	Phase I clinical trials	92.5
CD19 CAR T-cell therapy (Indication 2)	IND approval obtained	86.2
BCMA CAR T-cell therapy	IND approval obtained	79.8
SIM-201	IND approval obtained	60.6

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- (2) approximately 26% (or HK\$829.7 million) for other selected innovative oncology product candidates that are currently pending IND approval or at pre-clinical stages, including SIM-200, SIM-203-1, SIM-203-2, SIM-203-3, SIM-235, SIM-236, SIM-237, SIM-323, SIM-325, subcutaneous PD-L1 single domain antibody combination therapy-1 and subcutaneous PD-L1 single domain antibody combination therapy-2;
- approximately 11% (or HK\$351.0 million) will be used for the continued research and development of our selected central nervous system product candidates, consisting of:
 - (1) approximately 3% (or HK\$95.7 million) for Y-2 sublingual tablets, which are currently undergoing phase I clinical trials; and
 - (2) approximately 8% (or HK\$255.3 million) for other selected innovative central nervous system product candidates that are currently in preparation for IND application or at pre-clinical stage;
- approximately 4% (or HK\$127.7 million) will be used for the continued research and development of our selected autoimmune product candidates, consisting of:
 - (1) approximately 1% (or HK\$31.9 million) for SIM-335, which is currently pending initiation of clinical trials; and
 - (2) approximately 3% (or HK\$95.7 million) for other selected innovative autoimmune product candidates that are currently in preparation for IND applications;
- approximately 10% (or HK\$319.1 million) will be allocated to the reinforcement of our sales and marketing capabilities, including (i) approximately 6% (or HK\$191.5 million) for 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. These additional sales and marketing personnel will be mainly responsible for the promotion of our newly-launched and near-commercial products through various academic marketing activities to hospitals and other medical institutions across China; (ii) approximately 2% (or HK\$63.8 million) for 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) approximately 2% (or HK\$63.8 million) for academic marketing efforts to enhance healthcare professionals' knowledge about the newly-launched and near-commercial products in our product portfolio;

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- approximately 10% (or HK\$319.1 million) will be allocated to our 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 in our strategically focused therapeutic areas (namely, oncology (including cell therapy), central nervous system diseases and autoimmune diseases) 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;
- approximately 10% (or HK\$319.1 million) will be allocated to repayment of certain of our outstanding bank loans as illustrated in the table below; and

Lender	Nature	Outstanding principal amount as of the Latest Practicable Date	Interest rate (per annum)	Maturity
Bank A	Short-term loan	RMB200 million	4.35%	December 1, 2020
Bank B	Short-term loan	RMB200 million	4.35%	January 7, 2021
Bank C	Long-term loan	RMB196.8 million	4.28%	April 27, 2021

- approximately 10% (or HK\$319.1 million) will be used for working capital and other general corporate purposes.

If the Offer Price is fixed at HK\$13.70 per Offer Share (being the high-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$201.1 million. If the Offer Price is fixed at HK\$12.10 per Offer Share (being the low-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$201.1 million. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$516.7 million (assuming an Offer Price of HK\$13.70 per Offer Share, being the high-end of the Offer Price range stated in this prospectus), (ii) HK\$486.5 million (assuming an Offer Price of HK\$12.90 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus) and (iii) HK\$456.3 million (assuming an Offer Price of HK\$12.10 per Offer Share, being the low-end of the Offer Price range stated in this prospectus). Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes accordingly on a pro rata basis in the event that the Over-allotment Option is exercised.

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To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to allocate part or all of the proceeds to short-term interest-bearing deposits with authorized financial institutions and/or licensed banks in Hong Kong and/or the PRC.

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made.